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TODAY: MONEY Manufacturing Sector. Page 16

'No Explosion' Seen in Crash as Swissair Seeks Clues to Disaster

By Joseph Fitchett
International Herald Tribune

The day after the worst crash in Swissair's history, officials were still groping for clues Friday about what went wrong on the McDonnell-Douglas wide-body jet in the moments before it plunged into Atlantic waters just off the Canadian coast.

All 229 people on board died in the crash of Swissair Flight 111, the airline's only direct flight between New York and Geneva. The passengers included a large number of prominent physicians, bankers and international civil servants.

Moving to dispel speculation about possible terrorism, Attorney General Janet Reno said in Washington that "all initial information indicates that it was an accident."

U.S. officials have been on alert for possible retaliation since the missile strikes last month on suspected Islamic terrorists in Afghanistan and Sudan, but no group claimed responsibility for the crash, whose victims included a member of the ruling family in Saudi Arabia.

Dense smoke in the cockpit was reported by the pilots just before the crash, according to a Swissair official, who said that he was waiting for the flight recorder to provide evidence of what had caused the emergency.

A final few words — "I'm going down" — were picked up by a ham radio operator before Flight 111 went off the air. The radio operator said the pilot sounded very flustered, explained that he was going to dump fuel, then uttered the last phrase in a weak voice.

As the bodies were brought up, an investigation proceeded under the Canadian authorities, assisted by the U.S. National Transportation Safety Board. Canada pressed one of its last submarines into service, the day before it had been due for retirement, to comb the seabed with sonar in hopes of finding the fuselage and flight recorders.

"There's a quasi unanimity in terms of there being

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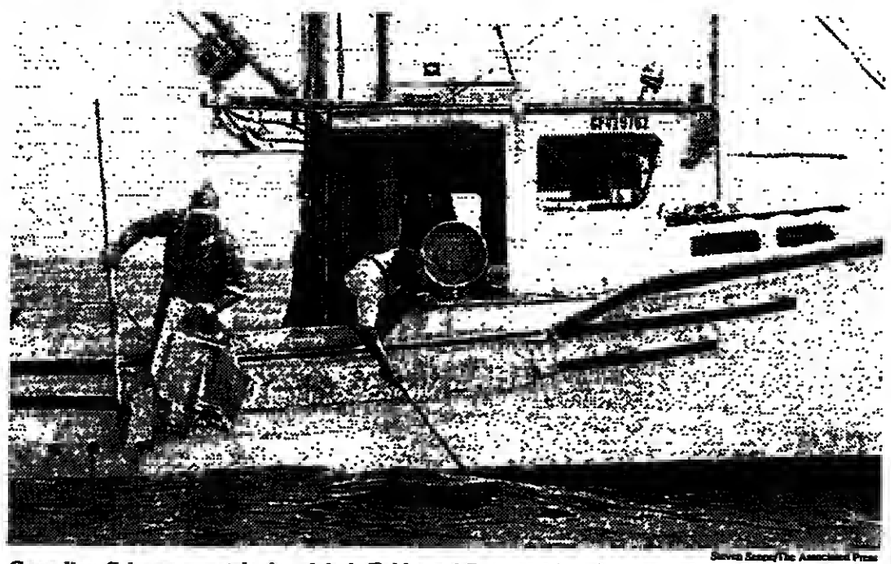
'Waiting for the lights to come down.' Page 6.



Canadian fishermen retrieving debris Friday while searching the area where Swissair Flight 111 went down Wednesday, about four miles off the coast of Peggy's Cove, Nova Scotia.

UN Grieves for 7 on Doomed Jet

New York-to-Geneva Is Commuter Flight for World Body

Compiled by Our Staff From Dispatches

NEW YORK — To workers at the United Nations, the nightly Flight 111 was affectionately known as the UN airbus because it served as something of a commuter flight for officials and diplomats shuttling back and forth between the secretariat in New York and the European headquarters in Geneva.

"This is a flight that so many of us take routinely that I think it spooked a lot of us," said Fred Eckhard, senior spokesman at the United Nations.

Few Swissair 111 flights lift off without at least a few UN people buckled into their seats. So as soon as UN workers learned the flight number, they knew that some of their people were gone.

UN officials identified seven staff members or associates as having died in the crash Wednesday, which took the lives of all 215 passengers and 14 crew members.

The victims included Pierce Gerety, an American lawyer who had devoted his life to the plight of refugees. Only an unlikely convergence of events put him on the plane.

According to his brother, Tom Gerety, president of Amherst College, the lawyer had a ticket for a KLM flight to Amsterdam. It was overbooked, and he was bumped along with some others.

He was put on a Swissair flight. It was canceled. His consolation was a ticket on Flight 111.

In charge of operations for the UN High Commission for Refugees in the ravaged Great Lakes region of Central Africa, including Rwanda, Mr. Gerety seemed to spend more nights in tents with refugees than he did in his own home. Wherever war, famine and social unrest uprooted people from their homes, he was there.

Kathryn Calvert-Mazy, a French social worker and therapist who worked as senior welfare officer in the Geneva headquarters of the refugee unit, also died in the crash. She had counseled refugees in Bosnia, Mali and Rwanda and had transferred to Geneva in June so she could spend more time with her husband and baby.

Others victims among the UN family were Joachim Bilger and Ludwig Beaumler, Germans who were respectively the controller in the office of internal oversight and productivity and the senior

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Yeltsin Acts to Ease Tensions in Russia

NATO's Link With Moscow Floundering

By William Drozdiak
Washington Post Service

BRUSSELS — When Russia and the NATO allies formally launched the Permanent Joint Council last September, the move was touted as proof of a reconciliation between Cold War enemies and the advent of a new era of teamwork in foreign and security policies.

A conclave of 17 foreign ministers gathered at the headquarters of the United Nations to approve an ambitious agenda that included cooperation in peacekeeping, arms control, nuclear strategy, fighting against terrorism, converting military industries and cleaning up the environment.

But a year after it was inaugurated with such great fanfare, the NATO-Russia council is floundering in a maze of mutual distrust, clashing perceptions and bureaucratic inertia.

What began as a way to reassure Russia about NATO's peaceful intentions in embracing new members — Poland, Hungary and the Czech Republic — has provoked fresh suspicions and recriminations on both sides.

At a time when Moscow is desperate for outside economic help, persistent disagreements over key security issues involving the Balkans, Cyprus, Iraq, and Iran are only deepening its estrangement from the West, according to senior American and European officials.

"Whatever happens to the ruble and the Russian economy, the next government in Moscow will almost certainly have less maneuvering room for cooperation with the Western military alliance," said a top German policymaker in Bonn. "Just when we need to broaden and improve our relationship, there is a real danger of anti-Western backlash."

American and European diplomats point the finger at the Russian foreign minister, Yevgeni Primakov, whom they accuse of trying to throttle cooperation with the West in the name of preserving his country's pretensions to big-power status.

For his part, Mr. Primakov tells Westerners that he is merely striving to protect Russian security interests and to prevent more strident nationalists from gaining the upper hand.

Regardless of motives, Western officials say Russia's latest economic crisis has coincided with a stubborn resistance to play a more helpful role in resolving several crises. In Kosovo, Russia's veto at the UN Security Council is blocking any prospect of NATO military intervention to stop the fighting

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Chernomyrdin Talks Tough On Economy

By David Hoffman
Washington Post Service

MOSCOW — With the Russian economy unraveling fast, President Boris Yeltsin moved Friday to ease the country's political deadlock, offering talks with the Communist-led opposition in Parliament on his nomination of Viktor Chernomyrdin as prime minister.

A vote on the disputed nomination, scheduled for Friday, was put off until Monday to give time for consultations.

Mr. Chernomyrdin promised, if confirmed by the State Duma, to impose an "economic dictatorship" over Russia's chaotic economy. He said he would act to shut down inefficient enterprises and also move to collect overdue taxes.

But the leadership vacuum — Russia has been under an acting prime minister and cabinet for almost two weeks — continued to take its toll on financial markets, on the currency and on public confidence.

Russians fear lean times. Page 7.

The ruble sunk further against the dollar, panic buying swept stores and another major bank was taken over by the authorities as depositors struggled to withdraw money from their accounts.

There was new evidence that Russia had started to expand the money supply dramatically, after warnings this week from President Bill Clinton and many economists that printing money would touch off hyperinflation.

Brunswick Warburg, an investment house here, reported that the central bank had already pumped 27 billion rubles ($2.11 billion) into the banking system since the Aug. 17 de facto devaluation of the currency, equivalent to 17 percent of the base money supply.

The Russian European Center for Economic Policy, in a monthly report on the economy, warned that inflation was "set to increase sharply."

The devaluation may have unleashed a one-time increase in consumer prices of 60 percent, the center said, noting the central bank's injection of money into the economy to bail out banks and to finance the budget deficit.

In an appearance before the upper chamber of Parliament, the Federation Council, Acting Prime Minister Chernomyrdin offered the first, vague outline of his plans on the crisis.

The Federation Council, which is composed of regional leaders, voted, 91-17, for a nonbinding resolution of confidence in Mr. Chernomyrdin.

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Democratic Senators Call Clinton 'Disgraceful'

Lieberman, a Longtime Ally, Delivers Scathing Judgment

By Dan Balz
Washington Post Service

WASHINGTON — Senator Joseph Lieberman of Connecticut, joined by two other leading Democrats, delivered an extraordinary public condemnation of President Bill Clinton from the Senate floor Thursday.

Mr. Lieberman described Mr. Clinton's behavior as "immoral," "disgraceful" and deserving of "public rebuke and accountability."

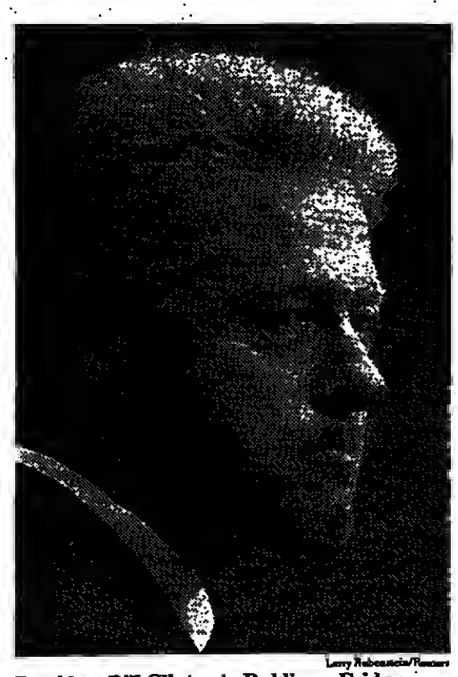
Mr. Lieberman, a longtime political ally of the president, offered perhaps the most scathing criticism by any Democrat of Mr. Clinton's sexual relationship with Monica Lewinsky and what the senator called his "intentional and premeditated" denials of the affair for seven months.

"Such behavior is not only inappropriate," Mr. Lieberman said, "it is immoral and it is harmful." Mr. Clinton's actions, he added, "contradicted the values" the president had publicly embraced for the past six years and "compromised his moral authority."

But the Connecticut senator said talk of impeachment and resignation was "premature," cautioning his colleagues that Congress ought to await the report by the independent counsel, Kenneth Starr, which is expected on Capitol Hill this month, before deciding on a course of action.

Mr. Lieberman's remarks were another sign that support for the president is weakening among his Democratic colleagues as the midterm congressional elections approach. The remarks were also a sign of growing worries on Capitol Hill that Mr. Starr's report might contain more damaging revelations about Mr. Clinton's behavior.

Immediately after Mr. Lieberman concluded his statement, two other senior Democrats — Senator Bob Kerrey of Nebraska and Senator Daniel Patrick Moynihan of New York — rose to endorse Mr. Lieberman's rebuke of the president and to praise Mr. Lieberman for delivering it.



President Bill Clinton in Dublin on Friday.

Mr. Moynihan also sent a warning to the White House that many Democrats on Capitol Hill will resist turning the coming review of Mr. Starr's report into a purely partisan exercise. "It will be for us to discharge

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For First Time, President Says, 'I'm Sorry About It'

DUBLIN — President Bill Clinton said Friday that he was sorry about his sexual relationship with Monica Lewinsky.

It was the first time he had apologized for it.

When Mr. Clinton spoke to the American public on Aug. 17, and in subsequent remarks, he said only that he deeply regretted his relationship with the former White House intern and regretted having lied about it for seven months.

On Friday, Mr. Clinton said: "I made a bad mistake. It's indefensible, and I'm sorry about it."

Mr. Clinton spoke hours after Senator Joseph Lieberman of Connecticut, in a stern speech on the Senate floor, called the president's actions immoral and harmful to the nation.

During a picture-taking session here with Prime Minister Bertie Ahern, Mr. Clinton was asked to respond to Mr. Lieberman's comments.

"I can't disagree with anyone else who wants to be critical of what I've already acknowledged is inappropriate," Mr. Clinton said. "There's nothing that he or anyone else could say in a personally critical way that I imagine I would disagree with, since I have already said it myself, to myself, and I'm very sorry about it but there's nothing else I can say."

Since Mr. Clinton's speech on Aug. 17, legislators of both parties have criticized him for not explicitly apologizing.

One of those critics, Governor Roy Romer, who is the chairman of the Democratic Party, said Mr. Clinton's apology Friday was "helpful."

"I think he's been saying that with other words. He's had difficulty getting it out," Mr. Romer said.

The White House press secretary, Michael McCurry, was asked if Mr. Clinton had made a calculated decision to use the phrase "I'm sorry." Mr. McCurry replied that Mr. Clinton had been trying to convey an

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DEFIANCE IN MALAYSIA — A supporter kissing the hand of Anwar Ibrahim, the ousted finance minister, in Kuala Lumpur on Friday. Mr. Anwar said he would take his case to the people. Page 4.

Norway Rallies Around Its Ailing Prime Minister

Work and Stress Lead to 'Depressive Reaction'

By Tom Buerkle
International Herald Tribune

OSLO — When Kjell Magne Bondevik took over as prime minister of Norway last year, his ready smile and youthful vigor appeared to symbolize the sunny fortunes of this country's booming, oil-driven economy.

But lately, storm clouds have been thickening on the horizon.

Oil prices have plunged to their lowest levels in a decade. The turmoil in global financial markets has knocked the krone lower and prompted the central bank to nearly double interest rates, to 10 percent. And the partners in Mr. Bondevik's tenuous minority government have turned fractious in the midst of difficult budget negotiations, leading some senior ministers to question the coalition's ability to survive.

Today, not only the smile is gone. Mr. Bondevik, 51, stunned the country this week by taking a temporary leave from office because of what his doctors called a "depressive reaction" to too much work and stress.

The idea that the popular leader of a prosperous country of 4 million people was buckling under the strain after only 10 months in office was unusual, to say the least.

Perhaps more unusual was the reaction here. The announcement of Mr. Bondevik's sick leave Monday unleashed an outpouring of public sympathy, rather than questions about his suitability for office. Well-wishers have brought bouquets of flowers to his office and home, and a poll showed that 82 percent of Norwegians thought Mr. Bondevik was right to reveal his strain.

"Sympathy for Bondevik — As Brave as Diana," the tabloid newspaper Dagbladet said Thursday, comparing the prime minister's announcement to the Princess of Wales's disclosure of her emotional problems long before her death last year.

Even political rivals were magnanimous, saying that Mr. Bondevik should be given time to recuperate. They noted that a former prime minister, Gro Harlem Brundtland, took a two-week leave earlier this decade after her son committed suicide.

"It has something to do with politeness and being human," said Jans Stoltenberg, the deputy leader of the opposition Labor Party and a former finance minister. "He is sick. If anyone tries to utilize that in political debate, that would be wrong."

Patience could start to run out quickly if Mr. Bondevik's leave drags on, though, hinted Carl Hagen, leader of the rightist Progress Party. Although the announcement Monday spoke of a one-week leave, newspapers reported that he was likely to remain on leave for a further week or two.

The shock of Mr. Bondevik's leave has jolted the coalition into a surprising

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Newsstand Prices

Bahrain	1.000 BD	Malta	55 c
Cyprus	C £ 1.00	Nigeria	12800 Naira
Denmark	14.00 DKr	Oman	1.250 OR
Finland	12.00 FM	Qatar	10.00 QR
Gibraltar	£ 0.85	Rep. Ireland	IR £ 1.00
Great Britain	£ 0.90	Saudi Arabia	10 SR
Egypt	£E 5.50	S. Africa	R12 + VAT
Jordan	1.250 JD	U.A.E.	10.00 Dh
Kenya	K. SH. 160	U.S. Mil. (Eur.)	$ 1.20
Kuwait	700 Fils	Zimbabwe	Zim.$40.00

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AGENDA

Rwandan Gets Life Term for Genocide

Jean Kambanda, who served as prime minister of Rwanda during the months in 1994 when more than 500,000 people were killed in one of the worst mass murders in history, was sentenced Friday to life in prison by a United Nations tribunal sitting in Arusha, Tanzania.

Mr. Kambanda had pleaded guilty and had offered to testify against other high-ranking Rwandan officials.

He was the first person in history to be sentenced for the crime of genocide, an offense first conceived in the 1948 Genocide Convention after the horrors of World War II. Page 6.

The Dollar

New York	Friday @ 4 P.M.	previous close
DM	1.7345	1.7285
Yen	133.57	134.3
FF	5.803	5.802
Pound (Dollars per pound)	1.6705	1.6747

The Dow

	Friday close	percent change
— 41.97	7,640.25	— 0.55%

S&P 500

— 8.36	973.90	— 0.85%

Nasdaq

— 5.34	1,586.52	— 0.34%

The Intermarket Page 17.

The IHT on-line www.iht.com

From Revolution to Cigars, the (Unstoppable?) Ascent of Gerhard Schroeder

By R.W. Apple Jr.
New York Times Service

BONN — Gerhard Schroeder has changed with the times.

He first made his name in German politics in the 1970s as leader of the Jusos, the radical, strideotly anti-American, anti-nuclear youth group of the Social Democratic Party. In 1981, in his maiden speech in Parliament, he became the first person ever to speak there without wearing a necktie. Late one beer-fueled night, according to an often-told story, he stopped by to rattle the gates of the Chancellery, and to shout, "I want in there!"

But the higher he rose and the older he got, the less rambunctious he became. He grew to admire the United States, he says. As prime minister of Germany's second largest and third most populous state for the last eight years, he has been the consummate pragmatist, cooperating with or disregarding the leftist party hierarchy according to his purposes. He not only started wearing neckties, he took to smoking fine Havana cigars and sporting clothes designed by Armani.

He got so chummy with business executives that trade unionists and other ideological stalwarts in his party started mocking him as "*der Genosse von Bossen*" — the comrade of the bosses.

Now the Social Democrats, who have failed three times to oust Chancellor Helmut Kohl, have turned to Gerhard Schroeder to do the job in a national election on Sept. 27. Handsome, telegenic, a ferocious worker, Mr. Schroeder, 54, is almost a generation younger than Mr. Kohl, 68.

Not by accident, he is running a media-savvy campaign as ambiguous about specifics as those that brought Tony Blair and Bill Clinton to power in Britain and the United States.

Mr. Schroeder must grapple with the problem that has confronted leftist politicians throughout Europe as well as the Democrats in the United States: Big government has become too costly.

Partly because of the huge expenditures in Eastern Germany after reunification, partly because of the competition with countries that have learned to live with less, Germany can no longer afford the restrictive labor laws, ample pensions and generous health care system with which Mr. Schroeder's party has been identified.

The polls put Mr. Schroeder ahead, but only by a slender margin, with a sizable undecided vote.

[Mr. Kohl narrowed the gap to three points behind Mr. Schroeder in a key survey released on Friday, but slipped further behind his rival in another poll, Reuters reported.

[The closely watched ZDF Politbarometer found Mr. Kohl's Christian Democrats steady at 38 percent with Mr. Schroeder's Social Democrats falling one point, to 41 percent.

[Another survey by the Dimap polling institute to be published in the daily Bild on Saturday, however, found Mr. Kohl falling one point in the last week to 37 percent while support for Mr. Schroeder was unchanged at 43 percent.]

Germany is accustomed to a more carnivorous, less image-oriented politics, with plenty of ideological meat to chew on, and people are starting to grumble.

"You can't quite get hold of him," said Josef Joffe, editorial page editor of the Sueddeutsche Zeitung of Munich. "He was given the nod very grudgingly by the party bosses, who stand well to his left, because they were convinced he was the only one with a chance to win. So he tries to placate the left wing of his party and to win over the swing voters at the same time.

"He obfuscates, prevaricates and says as little as possible."

Michael Naumann, the German-born New York publisher whom Mr. Schroeder has recruited as a potential culture minister, takes a different view.

He sees Mr. Schroeder as a man who has the capacity to answer a national craving, "to fill this big psychological hole at the center of German life, the need to define what we live for in the midst of our amazing material well-being."

Above all, he has a fresh face. Mr. Kohl has been chancellor for 16 years, as long as Franklin D. Roosevelt would have served as president had he not died in office. Mr. Schroeder has apparently concluded that the electorate is tired of Mr. Kohl but resistant to a major deviation from his policies. So he talks, in pure Clintonese, of "a New Middle."

"The welfare state has reached its limits," he said in a recent interview. "We won't be able to increase payments."

But like generations of liberal politicians eager to sound a note of fiscal responsibility, Mr. Schroeder insisted that by closing "a labyrinth of tax loopholes," he could roll back the small welfare cuts made by Mr. Kohl and still cut income taxes. "It's not that much of a riddle," he said.

"I've had to give up the old Hegelian idea that when theory and reality clash, reality is wrong," he said, apropos of his move to the middle. "Reality is often right."

Asked whether he feared that Mr. Kohl would try to discredit him by talking about the radicalism of his youth, Mr. Schroeder responded: "I don't think so. As you see, the revolution I planned didn't take place, so there's no point in bringing up what I said then."

But Mr. Schroeder predicted that his opponents might try to discredit him by talking about his private life, although Germans, he said, were less interested in scandal and gossip "than you Americans or even the British."

Mr. Schroeder has been married four times. The first marriage lasted three years, the second nine and the third 12, breaking up bitterly two years ago. When he eloped with Doris Koepf, a journalist from Bavaria, the spurned third wife, Hiltrud Hamel, called him "a coward, an opportunist and an egotist."

'I've had to give up the old Hegelian idea that when theory and reality clash, reality is wrong.'

Although the Christian Democratic leaders have refrained so far from personal criticism, the party's youth group has produced a brochure that tackles the marriage issue. "Schroeder is a bad choice," it says. "Three women couldn't be wrong."

In another indirect assault, the owner of a big German car-rental company called Sixt is running a magazine advertisement that shows two pictures of Mr. Schroeder, one looking left and the other looking right. "Sixt," the captioo declares, "has cars for people who don't know where they want to go."

Mr. Schroeder tries to equate himself to Mr. Clinton and Mr. Blair. But the parallel is inexact. Each of them took office having already won the main ideological arguments within his own party, and Mr. Schroeder, if he wins, would become chancellor with important questions still unresolved.

For example, the party leader, Oskar Lafontaine, a harsh critic of "billionaire capitalists," wants to cut the top income tax rate from 53 percent to 49, while Mr. Schroeder wants to bring it down to 45. Mr. Schroeder sometimes emphasizes a "modern" Germany that shines in oew technology, as when he named Jost Stillman, a businessman, as an economic adviser; other times he attacks the pensioo reform and labor flexibility that modernizers consider mandatory.

Nor is it clear, despite tens of thousands of words and endless columns of analysis in the oewspapers, exactly what Mr. Schroeder would do to attack unemployment, one of Germany's most serious and intractable problems.

Jochen Eckel/Reuters

Mr. Schroeder campaigning in the eastern city of Zwickau on Friday.

In a long career, Mr. Schroeder, who is known as Gerd, has managed to find a way forward when others might well have felt stymied.

His father, a conscript, was killed during the Wehrmacht's retreat from Russia when Mr. Schroeder was only three days old, and his mother raised him alone while working as a cleaning woman. He dropped out of school at 14, went to night school and ended up studying law at Goettingen University during the turbulence of 1968.

These days, Mr. Schroeder handles hecklers, commonplace in German politics, with great aplomb. Asked how he learned, he replied, "By heckling."

After a stint as an member of Parliament in Bonn, he won his party's nominatioo for prime minister in the state of Lower Saxony in 1984. He lost that time, but won four years later. Last March, he gained a third term in a landslide, a victory that clinched his nomination for chancellor.

Except for the good suits and expensive cigars, Mr. Schroeder lives unpretentiously in a smallish apartment in Hannover, the state capital.

He has no vast entourage, disdaining all but the most basic security protection.

For centuries, Hannover has held annual trade fairs, and Mr. Schroeder became a regular at them, courting businessmen from all over Germany, inviting them to dinner at a favorite Italian restaurant or to a game of tennis.

But he always kept his fences mended with younger, more proletarian groups as well. Ludolf von Wertenberg, the head of the Federation of German Industries, who served as a Christian Democratic member of Parliament when Mr. Schroeder was also in Bonn, recalled that Mr. Schroeder always asked beforehand precisely who would be in the audience when he was invited to make a speech.

"Students? He'd show up in a turtleneck," Mr. von Wertenberg said in an interview in his Cologne office. "Entrepreneurs? The whitest shirt you ever saw.

"He's amazingly good on his feet, oever uses texts or notes if he can avoid it, and if he sensed that what he was saying wasn't going over well, he'd change gears within seconds. Nice guy, provocateur, it didn't matter, as long as he wasn't ignored."

He bulled his way to the oomination for prime minister, taking his case over the heads of the party leaders to the rank-and-file.

"Schroeder's will for power is certainly impressive," the former party chairman, Hans-Jochen Vogel, wrote in his memoirs.

"But the questioo increasingly is, What does he want to do with that power?"

In Dublin, Clinton Praises Ireland's Peace Economy

Compiled by Our Staff From Dispatches

DUBLIN — President Bill Clinton turned Friday from the turmoil in Northern Ireland to the Irish Republic's thriving economy, holding it up as the prize of peace. "Ireland has moved from nightmares to dreams," he declared.

Surrounded by computer equipment at a growing high-tech company, Mr. Clinton saluted Ireland's 7.7 percent growth rate last year as the highest of any country in Europe. Peace and stability can cement the good times, he said.

"Ireland has assumed great responsibilities," he said. "As a result, you are moving toward permanent peace, remarkable prosperity, unparalleled influence and a brighter tomorrow for your children."

Borrowing the cadence of a traditional Irish blessing, he added: "May the nightmares stay gone, the dreams stay bright, and the responsibilities wear easily oo your shoulders because the future is yours."

Prime Minister Bertie Ahern, in turn, credited Mr. Clinton and his role in brokering the Good Friday peace accord with holding out to Northern Ireland the same promise of prosperity.

"He's laid down for us — for all of us — that there is a path to follow and if we are sensible, if we're brave and we follow that path, then the reward is peace and stability and confidence," Mr. Ahern said before a private meeting with Mr. Clinton. "If we don't, well, then the future is as gloomy as the past."

At a reception that gave Mr. Clinton a chance to meet business leaders, Mr. Ahern ooted that American companies employ 400,000 people in Ireland and dominate electronics, pharmaceuticals and other industries.

"Ireland is really an American economic tiger with a greeo face," he said with a smile.

Mr. Ahern proudly led Mr. Clinton on a tour of the Gateway computer plant and highlighted business opportunities in Ireland.

Seated at laptops with "smart cards" and using personalized codes, Mr. Clinton and Mr. Ahern digitally affixed their signatures to an agreement on developing electronic commerce between their two nations.

U.S. investment has been a major factor in the growth of the Irish economy. Trade between the two countries last year was worth $12 billioo, a 19 percent increase over 1996.

Gateway's Dublin plant employs 1,600 people, mostly producing personal computers for the European market.

The company is considered a symbol of the decadelong economic boom that has seen American corporations build facilities in Ireland to serve the European market.

Mr. Clinton, his spirits lifted by the warm reception he received across Northern Ireland on Thursday, spoke earlier of his "personal passion" for the Irish question and said the world owed Ireland a debt of gratitude for showing the way to peace and prosperity.

"I hope you will continue to labor for peace here because if we can complete this peace process, you can't imagine what it will enable the United States to do in trying to stand up for peace in other parts of the world where people have fought over their religious, their racial, their ethnic, their tribal differences.

"I can always then say, 'No, no, no, look at Ireland,' wheo they tell me it can't be done," Mr. Clinton told an audience of government officials, busioessmen and trade unionists.

On Saturday, Mr. Clintoo visits the western city of Limerick and then plays golf at the Irish golfing mecca of Ballyhunioo before flying back to Washington. *(AP, Reuters)*

Doug Mills/The Associated Press

President and Mrs. Clinton talking at a reception in Dublin on Friday.

Police Set to Crack Down on Rebel IRA

By T. R. Reid
Washington Post Service

BELFAST — Armed with tough new powers approved in London and Dublin, British and Irish policemen are expected to mobilize for an all-out crackdowo this weekend on an Irish Republican Army splinter group that carried out a terrorist bombing last month in the town of Omagh.

The target of the police action is said to be the so-called Real IRA, an opponent of the Northern Ireland peace agreement that claimed responsibility for exploding a 500-pound (225-kilogram) car bomb amid a crowd of Saturday shoppers in the Omagh town square.

Twenty-eight people were killed in the Aug. 15 attack, the worst in 30 years of sectarian strife in the British-ruled province.

People who follow the IRA and its extremist offshoots say the Royal Ulster Constabulary, the province's police force, and the Gardai, the police in the Republic of Ireland, probably know the identity and whereabouts of several dozen members of the Real IRA.

The police have oot made sweeping arrests in the Omagh case, reportedly because they lacked sufficient evidence to hold the suspects under British and Irish laws.

The legal issue was settled Thursday, however, as the British and Irish parliaments approved emergency legislation making it considerably easier for the police to arrest suspected terrorists and hold them without bail.

The new laws, proposed a week ago in the aftermath of the Omagh attack and rushed through under emergency procedures, authorize judges to order that suspects be jailed without bail if a police official testifies that the suspects are believed to be terrorists.

Until the new laws were approved, both countries had required some corroborating evidence to sustain such detention.

The new statutes also say that courts can consider a refusal to answer questions as evidence of guilt, if a persoo is accused of terrorism. Soch a provision would oot apply in cases unrelated to terrorism.

In both parliaments, civil libertarians expressed concern about the rush to enact the new laws and the potential impact on individual liberties. Bnt those who spoke oot comprised small minorities.

The oew legislation means that Ireland oow has somewhat tougher anti-terrorist laws than Britain.

The Omagh bombing has generated considerable support in both countries for a crackdown on terrorists in Northern Ireland.

Amsterdam Pulls the Plug on CNN in Fee Dispute

The Associated Press

AMSTERDAM — Amsterdam became the only European capital without CNN on Friday after the news channel refused to pay what it called an exorbitant fee, prompting the city's cable-television agency to pull the plug.

CNN International faded to black at midnight Thursday, replaced by a message from the cable agency A2000 apologizing to viewers but saying the American broadcaster had given it oo cboice.

The switchoff ended a bitter dispute between Turner Broadcasting System Europe, which operates CNN, and A2000, which demanded a 725,000 guilder ($372,000) annual fee for CNN to air its round-the-clock programming in the Amsterdam area.

TBS argued that the fee was far more expensive than anything it had to pay in other cities. A2000 defended its charges, saying it helped keep cable subscription rates low in Amsterdam.

Mathieu Nagelkerke, a vice president of Turner Broadcasting System Netherlands, said the financial demands remained "unacceptable," adding that the company hoped the service cutoff would be temporary.

But a defiant A2000 said it would not budge. "All commercial broadcasters need to pay this fee," said Judith Huisman of A2000.

Thousands of viewers have been calling A2000 to complain about the loss of CNN, which is still available via satellite. Hotels in and around the capital have said they will install rooftop dishes to ensure their guests still have access to CNN.

TRAVEL UPDATE

Flight of Fancy on Champs-Elysees

PARIS (Reuters) — Tourists riding sightseeing buses on the Champs-Elysees gawked Friday at dozens of planes, from World War I fighters to modern attack helicopters, parked along the avenoe.

The 50 aircraft, all in mint flying condition, are to be exhibited until Sept. 27 as part of 100th anniversary celebrations of the Aero-Club de France, the country's foremost aviation society.

Officials said the free exhibit was the biggest air show ever held in a city and expected o to be seen by 3.5 million people.

WEATHER

Forecast for Sunday through Tuesday, as provided by AccuWeather.

North America
The western half of the United States will continue to be unseasonably hot Sunday through Tuesday. Tropical waves interacting with an upper-low will bring thunderstorms to the Southeast. Pack warmer clothes if heading to Quebec or Montreal as colder air moves southward.

Europe
Tropical Storm Danielle will stem into Ireland and England Sunday, then northern Europe Monday and Tuesday. Flight delays due to high winds, heavy rain and low ceilings will be widespread. Fair weather and fast travel is forecast for southern and eastern Europe.

Asia
Very hot weather will continue across western China and northern India. Very stormy across Korea and Japan, so expect flight delays Sunday in Seoul, Tokyo and other Japanese cities Monday and Tuesday. Colder weather will begin to move southward across the northern half of Siberia.

Maps, forecasts and data provided by AccuWeather, Inc. ©1998 - http://www.accuweather.com

Europe

	Today High C/F	Today Low W C/F	Tomorrow High C/F	Tomorrow Low W C/F
Algarve	27/80	18/64 s	27/80	18/64 s
Amsterdam	18/64	14/57 r	18/64	15/59 c
Ankara	23/73	6/43 pc	27/80	7/44 pc
Athens	31/88	23/71 pc	29/84	22/71 pc
Barcelona	23/73	17/62 s	25/77	19/66 s
Belgrade	26/79	16/61 c	27/80	14/57 sh
Berlin	21/70	17/62 r	19/66	13/55 c
Brussels	19/66	12/53 r	18/64	10/51 sh
Budapest	24/75	18/64 c	23/73	13/55 r
Copenhagen	21/70	17/62 pc	18/64	14/57 r
Costa Del Sol	29/84	19/66 s	29/84	19/66 s
Dublin	19/66	14/57 s	21/70	10/51 s
Edinburgh	17/62	13/55 r	18/64	15/59 r
Florence	27/80	15/59 r	27/80	18/64 pc
Frankfurt	23/73	18/64 sh	18/64	13/55 r
Geneva	20/68	10/50 s	22/71	14/57 pc
Helsinki	17/62	7/44 s	19/66	10/50 pc
Istanbul	24/75	14/57 c	27/80	17/62 pc
Kiev	18/64	5/41 pc	16/61	8/46 s
Las Palmas	28/82	22/71 s	28/82	23/73 s
Lisbon	24/75	16/61 s	24/75	16/61 s
London	20/68	13/55 c	19/66	16/61 r
Madrid	29/84	14/57 s	33/91	14/57 s
Mallorca	29/84	19/61 s	30/86	20/68 s
Milan	29/79	13/55 pc	29/79	17/62 pc
Moscow	11/52	4/39 pc	14/57	7/44 pc
Munich	19/66	8/46 r	19/66	10/50 pc
Nice	29/79	18/64 s	29/79	20/68 s
Oslo	18/64	12/53 pc	16/61	14/57 r
Paris	19/66	11/52 s	18/64	16/61 sh
Prague	10/50	14/57 r	19/66	11/52 c
Reykjavik	13/55	9/48 c	11/52	10/50 r
Riga	17/62	8/46 s	20/68	12/53 s
Rome	29/84	17/62 pc	29/82	19/66 s
St. Petersburg	15/59	9/48 pc	18/64	12/53 s
Stockholm	17/62	9/48 pc	13/64	13/55 pc
Strasbourg	21/70	11/52 r	21/70	15/59 s
Tallinn	18/61	8/46 s	18/64	11/52 pc
Tbilisi	23/73	14/57 c	29/73	11/52 pc
Venice	24/75	16/61 r	29/79	18/64 s
Vienna	21/70	17/62 r	22/71	14/57 pc
Warsaw	21/70	10/50 s	22/71	14/57 c
Zurich	20/68	8/46 sh	21/70	14/57 s

Middle East

	Today High C/F	Today Low W C/F	Tomorrow High C/F	Tomorrow Low W C/F
Abu Dhabi	42/107	30/86 s	43/109	30/86 s
Beirut	30/86	25/77 s	28/82	21/70 s
Cairo	34/93	21/70 s	36/97	22/71 s
Damascus	33/91	13/55 s	34/93	13/55 s
Jerusalem	30/86	16/61 s	28/82	16/61 s
Luxor	36/102	21/70 s	36/102	22/71 s
Riyadh	41/106	26/79 s	41/106	27/80 s

North America

	Today High C/F	Today Low W C/F	Tomorrow High C/F	Tomorrow Low W C/F
Anchorage	13/55	4/39 pc	13/55	8/41 pc
Atlanta	33/91	22/71 pc	31/88	21/70 s
Boston	27/80	14/57 s	26/79	17/62 s
Chicago	29/84	18/64 s	28/84	20/68 pc
Dallas	39/100	22/71 s	37/98	23/71 pc
Denver	32/89	14/57 s	34/93	15/59 pc
Detroit	28/82	16/61 s	27/80	17/62 pc
Honolulu	30/86	23/73 pc	32/89	24/75 pc
Houston	34/93	23/73 s	34/93	23/73 pc
Los Angeles	32/89	18/64 pc	31/88	18/64 pc
Miami	32/89	27/80 t	33/91	27/80 sh
Minneapolis	30/86	18/64 s	29/84	18/64 s
Montreal	21/70	14/57 pc	24/75	15/61 s
Nassau	30/86	26/79 t	34/93	29/79 pc
New York	29/82	19/66 s	30/86	21/70 s
Orlando	34/93	25/79 t	34/93	24/75 sh
Phoenix	38/100	29/79 t	40/104	29/82 c
San Fran.	20/79	15/61 s	24/75	14/57 pc
Seattle	26/79	13/55 s	24/75	12/53 pc
Toronto	24/75	14/57 s	28/82	16/61 s
Vancouver	21/70	14/57 pc	23/73	16/59 pc
Washington	30/86	19/66 s	32/89	20/68 s

Legend: s-sunny, pc-partly cloudy, c-cloudy, sh-showers, t-thunderstorms, r-rain, sf-snow flurries, sn-snow, f-fog, W-Weather.

Asia

	Today High C/F	Today Low W C/F	Tomorrow High C/F	Tomorrow Low W C/F
Almaty	35/97	19/64 s	33/91	19/66 s
Bali	32/89	22/71 s	32/89	22/71 s
Bangkok	34/93	25/77 r	33/91	25/77 s
Beijing	34/93	23/73 pc	34/93	24/75 s
Bombay	31/88	27/80 s	31/88	27/80 sh
Calcutta	32/89	25/77 pc	33/91	26/79 pc
Chiang Mai	33/91	23/73 sh	32/89	23/73 r
Colombo	31/88	25/77 sh	31/88	26/79 sh
Hanoi	34/93	26/79 t	29/84	25/77 r
Ho Chi Minh	31/88	24/75 t	31/88	24/75 t
Hong Kong	31/88	27/80 pc	31/88	26/79 pc
Islamabad	37/98	24/75 pc	37/98	25/77 s
Jakarta	32/89	23/73 pc	32/89	23/73 pc
Karachi	33/91	25/77 s	33/91	26/79 s
K. Lumpur	33/91	24/75 sh	30/86	25/77 t
K. Kinabalu	31/88	24/75 sh	29/84	24/75 t
Manila	31/88	23/73 s	30/86	24/75 r
New Delhi	35/95	26/79 pc	36/97	27/80 pc
Phnom Penh	32/89	25/77 sh	31/88	24/75 t
Phuket	34/93	25/77 s	33/91	25/77 r
Rangoon	29/84	24/75 sh	29/84	24/75 t
Seoul	29/84	19/64 s	29/84	19/66 s
Shanghai	27/80	24/75 t	28/82	21/70 r
Singapore	32/89	23/73 pc	30/86	23/73 sh
Taipei	32/89	27/80 sh	33/91	26/79 pc
Tokyo	26/79	21/70 pc	29/77	22/71 s
Vientiane	32/89	24/75 sh	31/88	24/75 t

Africa

	Today High C/F	Today Low W C/F	Tomorrow High C/F	Tomorrow Low W C/F
Algiers	33/91	19/66 s	36/97	23/73 s
Cape Town	16/61	6/43 s	18/64	7/44 s
Casablanca	27/80	19/66 s	27/80	19/66 s
Harare	27/80	11/52 s	27/80	12/53 s
Lagos	29/82	23/73 sh	28/82	23/73 t
Nairobi	27/80	10/50 pc	27/80	10/50 pc
Tunis	36/97	21/70 pc	34/93	22/71 s

Latin America

	Today High C/F	Today Low W C/F	Tomorrow High C/F	Tomorrow Low W C/F
Buenos Aires	16/61	12/53 pc	18/64	12/53 s
Caracas	29/84	22/71 pc	29/84	22/71 pc
Lima	21/70	16/61 s	20/68	15/61 s
Mexico City	24/75	16/61 sh	21/70	14/57 c
Rio de Janeiro	27/80	21/70 pc	24/75	19/66 pc
Santiago	16/61	7/44 sh	19/66	6/41 pc

Oceania

	Today High C/F	Today Low W C/F	Tomorrow High C/F	Tomorrow Low W C/F
Auckland	13/55	9/48 pc	16/61	10/50 r
Sydney	23/73	9/48 pc	17/62	8/46 pc

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هكذا من الأصل

Democrats Praise and Criticize Former UN Inspector

By Eric Schmitt
New York Times Service

WASHINGTON — Senate Democrats have begun mounting a careful counterattack against the American who resigned in protest last month from the UN weapons inspection team in Iraq.

The senior inspector, Scott Ritter, repeated his charges Thursday that the Clinton administration had blocked efforts by inspectors to ferret out Iraq's clandestine biological, chemical, ouclear and missile programs, even as Washington publicly supported the inspections.

In a rare joint hearing of Senate committees, Democrats praised Mr. Ritter's dedication and candor and even agreed with his frustration over the administration's decision to seek a diplomatic resolution rather than confront Iraq when it stymied inspectors.

But Democrats also said that using military force to compel Iraq to allow the inspections was a complicated political and diplomatic decision that was not up to Mr. Ritter.

"That responsibiliny to take the nation to war is above your pay grade," said Senator Joseph Biden of Delaware, the ranking Democrat on the Foreign Relations Committee.

Senator Charles Robb, Democrat of Virginia, told Mr. Ritter, "I admire your single-mindedness even though I may disagree with you on the big picture."

Partisan politics infused the hearing of the Armed Services and Foreign Relations committees. Democrats temporarily blocked the hearing even before it started, arguing that senior administration witnesses who could rebut Mr. Ritter were out of the country traveling with President Bill Clinton.

To allow the hearing to proceed, the Senate majority leader, Trent Lott, Republican of Mississippi, put the Senate in recess and took the unusual step of personally escorting Mr. Ritter to the witness table in the packed Senate hearing room.

"I wanted to show my support for a man of courage," Mr. Lott said later.

The Republican-controlled Congress is increasingly critical of the administration's handling of foreign policy crises, from Iraq to North Korea to the International Monetary Fund.

"We are again at a serious crisis point with Iraq," said Senator Richard Lugar, Republican of Indiana. "No one appears to be quarterbacking a game plan in which intrusive inspections continue and produce results."

Mr. Ritter, a former Marine intelligence officer, has said that betweeo November and August, the administration made at least seven efforts to stymie an investigation by the UN Special Commission, known as Unscom, which is charged with destroying Iraq's weapons of mass destruction.

"The United States has undermined Unscom's efforts through interference and manipulation, usually coming from the highest levels of the administratioo's national security team," said Mr. Ritter, citing Secretary of State Madeleine Albright in particular.

Mr. Ritter said the United States, Secretary-General Kofi Annan of the United Nations and the Security Council were complicit in the decision to avoid a confrontation with Iraq, in order to maintain the embattled international sanctions against Baghdad.

"Iraq provokes a confrontation, knowing there will be no consensus in the Security Council, and knowing they'll get a concession," he said.

Administration officials insisted that they still supported the inspections by the UN commission but reserved the right to weigh the projected gains from any inspections against the political and diplomatic downside.

The Associated Press

OFFICIAL VISITOR — President Nelson Mandela of South Africa, left, and his guest, President Fidel Castro of Cuba, strolling Friday in the gardens of the South African Parliament in Cape Town. Mr. Castro is on a state visit to South Africa after he attended a meeting of the Nonaligned Nations this week in Durban.

Iraq Vexes Chief of UN Team

Butler Says Restraints Turn Now to Routine Matters

By Barbara Crossette
New York Times Service

UNITED NATIONS, New York — The chief UN weapons inspector for Iraq says he has been able to carry out only increasingly circumscribed activities.

He said Thursday that the governmeot of Saddam Hussein had gone beyond its decision to block surprise inspections and had begun to interfere with routine monitoring operations.

The inspector, Richard Butler, told the Security Council about the deteriorating situation in Iraq as the United States and Britain moved to keep broad sanctions on Baghdad until it resumes cooperation.

The two nations introduced a resoluoon Thursday condemning Iraq and putting future sanctions reviews on hold.

The measure is expected to be voted on next week, probably after more negotiations with the Russians and Chinese, supporters of Iraq.

Security Council members will study the draft resolution over the next few days.

Mr. Butler, chairman of the UN Special Commission, said: "It is less than the whole monitoring program. We are doing no disarmament work."

He told the council that Baghdad had blocked the commission three times since Aug. 5, wben the Iraqis stopped allowing oew on-site inspections and said they would allow long-term surveillance and monitoring of only previously designated sites.

In the second week of August, Mr. Butler said, the Iraqis refused information about and access to equipment used for test-launching a new missile, the Samoud, saying it was outside the mandate of the commission, known as Unscom.

On Aug. 16, inspectors were told that they could not return to a previously visited site because it was a military area.

The Iraqis have threatened in the past to exclnde all military sites, which would in effect neutralize large parts of the inspection program.

Iraqis barred inspectors Tuesday from a place where missile parts had been tagged and stored by the UN team for further observation.

Iraq is required by Security Council resoluoons to abolish all cbemical, biological, nuclear and certain missile systems as well as the means of producing them for sanctions to end.

With no support for military action to enforce Baghdad's compliance, bowever, Iraq and the Security Council appear to be settling in for a long standoff, or another mediation effort by the UN secretary-general.

The Russians and Chinese, however, have continued to argue for inclnding enconraging overtures to Iraq, hoping that rewards for cooperatioo will budge Baghdad in ways that threats will not.

The British and American resolution introduced Thursday makes a gesture in that directioo, saying the council would "respond favorably to future progress made in the disarmament process."

POLITICAL NOTES

N.Y. Democrats Feel Let Down

WASHINGTON — President Bill Clinton will make a fund-raising foray to New York City on the eve of the state's mid-September primary. But instead of campaigning for party candidates, state Democrats complain, he will be taking the spotlight, then leaving town with a big bundle of campaign cash.

"It's not helpful. It's a source of frustration," the state Democratic Party chairwoman, Judith Hope, said Thursday. "The timing here is particularly unfortunate."

State Democrats, who have long complained that Mr. Clinton's fund-raising missions to New York undermine their own efforts to raise money, say the problem is particularly acute this year.

Senator Alfonse D'Amato, a Republican, has raised $20 million for his re-election effort, and the Democratic nominee will need all the money he or she can collect to mount an aggressive challenge.

The fear is, Democrats say, that after giving to the president, donors will resist giving again to the party's victor in the Sept. 15 primary.

"Everyone calls New York the ATM state," said a party insider. "You come and make your withdrawals, and you leave."

Ms. Hope and other Democrats tried but failed to get the White House and the Democratic Naoonal Committee to change the Sept. 14 date of the fund-raiser.

Steven Grossman, the Democratic National Committee chairman, said the event, a special Monday night performance of the Broadway hit musical "The Lion King," is expected to bring in $3.5 million, placing it among the most profitable party fund-raisers ever.

Mr. Grossman said the committee considered the problems raised by Ms. Hope and other Democrats but decided the show should go on. *(AP)*

Congress Ponders Farm Crisis

WASHINGTON — Momentum is building in Congress to rush billions of dollars in emergency assistance to farmers before lawmakers leave town next month to campaign.

"The question is no longer whether, but how we'll address this farm crisis," Senator Byron Dorgan, Democrat of North Dakota, said Thursday.

The Republican-controlled Senate defeated a Democratic proposal in July to raise the government's commodity price supports. That move would have cost taxpayers $1.5 billion.

But with grain prices falling and an elecoon looming, several Republican senators are working on a proposal to increase the government's direct payments to farmers by $2 billion to as much as $5.6 billion.

"In July, the price of corn was $2" per bushel. "Now it's probably $1.65," said Senator Charles Grassley, Republican of Iowa. "It's a crisis because the price has gone dowo more than anyone anticipated."

Growers already are due to get $5.5 billion in direct paymeots for 1999. The "market transition" payments were guaranteed through 2002 under the 1996 "Freedom to Farm" law.

"The circumstances continue to worseo and the demand for action continnes to grow," said the Senate minority leader, Tom Daschle, Democrat of South Dakota. *(AP)*

Reno Reviews Clinton Use of Party's Ad Funds

By Roberto Suro and Ruth Marcus
Washington Post Service

WASHINGTON — Attorney General Janet Reno has initiated a new review of whether President Bill Clinton violated campaign financing laws after auditors of the Federal Election Commission concluded this summer that his 1996 re-election illegally benefited from huge amounts of Democratic Party advertising.

The commissioo indicated that the president should repay the entire $13.4 million the party received in federal matching funds, lawyers familiar with the inquiry said.

The auditors, in a preliminary report subpoenaed by the Justice Department that started Ms. Reno's inquiry on whether to appoint an independent counsel, conclnded that the "issne advertisements" paid for by the Democratic National Committee clearly contained messages intended to promote Mr. Clinton's re-election, were closely coordinated with the Clinton campaign and should be counted against his campaign expenditures.

Mr. Clinton himself took a direct hand in crafting the Democratic committee's $44 million ad campaign in late 1995 and early 1996. Because of that, sources said, the Justice Department's review is proceeding from the idea that Mr. Clintoo is irrevocably connected to the allegations in the report.

The electioo commissioo report triggered the Justice review because the department has a 20-year-old policy of deferring to the election commission oo questions about what constitutes violations of election law.

Ms. Reno has repeatedly considered — and rejected — requests that she seek an independent counsel to investigate Mr. Clinton on the grounds that the Democratic National Committee advertising constituted an illegal effort to evade campaign spending limits.

She began to reassess that position soon after the Justice Department received the auditors' report abont three weeks ago.

The attorney general has until the middle of next week to determine whether the election commission report suggests criminal wrongdoing. If she decides it does, Ms. Reno will move to the next stage of the independent counsel process, a 90-day preliminary inquiry.

In the past week, Ms. Reno has separately ordered two such preliminary investigations — involving possible false statements by Vice President Al Gore and a former White House deputy chief of staff, Harold Ickes, about their fund-raising activities.

Officials said that if she decides an independent counsel is warranted in more than one of the cases, she would probably consolidate the investigations.

At her weekly news conference, Ms. Reno said the department had received "new information" relating to the campaign finance inquiry.

An official later said she was alloding to the election commission auditors' report prepared as part of the review they perform on every presidential campaign.

In return for matching funds, presidential candidates agree to abide by strict spending limits during the primary campaign. In 1996, the ceiling was $37 million, and, under the auditors' analysis, the Democratic committee's additional $44 million ad blitz exceeded legal limits.

In previous statements rejecting calls for an independent counsel, Ms. Reno has said she was guided by the FEC's analysis of election laws and has pointed to rules that permit parties to engage in such advertising.

Justice Department officials said Thursday that — as a result of Ms. Reno's previous reliance on the election commission — the auditors' approach obligated her to reopen the issue.

"She's always bung her hat on the interpretatioo of campaign finance law put forward by the commission, and so she can't say, 'We're just oot going to 'pay attentioo' when something like this comes along," said one official.

However, the question of whether the party advertising campaign should have been counted against Mr. Clinton's primary spending limits is far different from the issue of whether it constitutes a criminal violation for Mr. Clinton, campaign officials and the party to have engaged in the advertising campaign.

The question of how far political parties and outside interest groups may go in their issue advertising — commercials that do not explicitly call for the election or defeat of particular candidates — is one of the murkiest in the field of election law.

Ms. Reno herself said at a Senate o hearing in July that "to establish a criminal violaoon, we have to show that the defendant acted knowingly and willfully, that he consciously violated the law."

Suspect in Embassy Bombing Calls His Confession Coerced

By Michael Grunwald
Washington Post Service

WASHINGTON — Mohammed Saddiq Odeh, one of two suspects charged in the bombing of the U.S. Embassy in Kenya, says Pakistani investigators refused to let him eat, drink or sleep for three days until he was pressured into a false confession, according to his court-appointed lawyer.

Jack Sachs, a Manhattan attorney, said Mr. Odeh told him that the Pakistanis also detained his pregnant wife and threatened to jail them both unless he admitted involvement in the Nairobi attack. Mr. Odeh ultimately told the Pakistanis that he had helped plan the bombing and that he was part of a team recruited and financed by Osama bin Laden.

Mr. Odeh's confession in Pakistan is the most explicit evidence made public linking Mr. bin Laden, a Saudi, to the nearly simultaneous embassy bombings in Kenya and Tanzania on Aug. 7. At the time, sources in Pakistani intelligence agencies said that Mr. Odeh had calmly boasted that he had provided technical and logistic support for the Nairobi bombing and that he expected to be greeted and thanked by Mr. bin Laden when he returned to Afghanistan after the attack.

Bot Mr. Odeh, wbo was brought to the United States last week to stand trial, has not repeated his confession to U.S. investigators.

Mr. Sachs said that during meetings in a maximum-security prison cell in New York, Mr. Odeh continued to deny any involvement in the attacks, which killed 263, including 12 Americans. So far, the FBI has not revealed any physical evidence or witness accounts implicating Mr. Odeh and has not described his alleged role in the bombing.

Mr. Odeh does acknowledge that he is a member of a group that American officials describe as the "operational hub" of Mr. bin Laden's worldwide terrorist network. But according to Mr. Sachs, Mr. Odeh insists that he does not support Mr. bin Laden's efforts to kill American civilians and that be does not know who was responsible for the East Africa bombings.

He says that the Pakistanis interrogated him under bright lights for aboot 72 hours, denying him food or water, until he agreed to "say whatever they wanted me to say," according to Mr. Sachs's notes of their conversations.

In an interview, Mr. Sachs described Mr. Odeh as a devout and simple man and a far cry from Pakistani descriptions of a zealot whose only regret was that so many non-Americans were killed. Mr. Sachs said that Mr. Odeh agreed to confess only after an interrogator swore to Allah not to tell anyone.

Pakistan promptly deported him to Kenya, although Mr. Odeh told Mr. Sachs that he believed he was being flown to Afghanistan when he boarded the plane.

During subsequent interviews with the FBI in Kenya, Mr. Odeh offered several times to take truth serum, Mr. Sachs said.

Away From Politics

• Two air force helicopters crashed during a night training mission over Nevada. The fate of the 12 people on board was unknown. General Theodore Lay, commander of the 57th Wing at Nellis Air Force Base, said families of crew members were being contacted. He said he was not sure whether the two helicopters had collided first or whether they had crashed separately in the mountainous terrain. *(AP)*

• A 24-year-old Laotian immigrant was being held in St. Paul, Minnesota, pending charges that she murdered her six childreo ages 5 to 11, apparently out of frustration with a troubled marriage. The mother, who arrived from Laos about eight years ago, was found lying in front of her apartment and may have attempted suicide, officers said. *(Reuters)*

• Birth-related deaths will not fall by the year 2000, a government goal, according to a national study. It shows that the death rate — seven or eight per 100,000 births — has not fallen in 15 years. The goal is 3.3 per 100,000. *(AP)*

• A gun shop owner disarmed by two men robbing his store in Indianapolis was able to retrieve a revolver hidden in a back room and shoot his assailants, killing them both. The shop owner does not face any charges, the police said. *(AP)*

• A disabled scientific observatory spacecraft is responding to commands and slowly recovering from a series of ground control errors that almost caused the loss of the joint U.S.-European mission. *(NYT)*

RELIGIOUS SERVICES

AMSTERDAM

CROSSROADS INTERNATIONAL CHURCH Interdenominational & Evangelical Sunday Service 10:00 a.m. & 11:30 a.m./ Kids Welcome. De Cuserstraat 3, S. Amsterdam Info. 020-641 8812 or 020-6451 653.

BERLIN

BERLIN INTERNATIONAL CHURCH (Evangelical) in Berlin-Charlottenburg. Pastor: Rev. Harry Parsons. Tel.: 030 - 34 70 91 76. Web site: www.BerlinChurch.org

FRANCE/TOULOUSE

HOPE INTERNATIONAL CHURCH (Evangelical). Hotel Le Grand Noble, 90, ave. de Cornebarrieu, Blagnac. Sunday service 10:30 a.m. Tel.: 05 62 74 11 55.

FRENCH RIVIERA/CÔTE D'AZUR

NICE: Holy Trinity (Anglican), 11 rue Bufa, Sun. 11; VENCE: St Hugh's, 22, av. Résistance, 9 a.m. Tel: 33 04 93 87 19 83.

FRANKFURT

St Leonhard, International Catholic Parish, Alte Mainzer Gasse 8, 60311 (near Römer). Masses in English: Saturday 5 p.m., Sunday: 10 a.m. Tel/Fax 069-283177 or J.Schad@em.frankfurt-uni.de

ORERURSEL/OBERSTEDTEN

ST. MARY'S CATHOLIC CHURCH (English Speaking @ St. Petrus Canisius Kirche), Am Allen Bach 2, Oberursel/Obersteden). Mass Sun. 11:00, Pastor Fr. Bruens 069 7191 1430 or Church Office 06171 259 83.

PARIS and SUBURBS

AMERICAN CHURCH IN PARIS. Worship 11:00 a.m. 65, Quai d'Orsay, Paris 7. Bus 63 at door, Metro Alma-Marceau or Invalides.

EMMANUEL BAPTIST CHURCH - 58, rue des Bons-Risins, 92500 Rueil-Malmaison. Services: 9:45 a.m. & 11:00 a.m. with Sunday School. For info Tel: 01 47 51 29 63/01 47 49 15 29 or: http://www.geocities.com/Paris/Metro/1352.

INTERNATIONAL BAPTIST FELLOWSHIP 48, rue de Lille, 75007 Paris. Sunday nights at 6:30 p.m. starting from Sept. 20th. Tel: 01 47 51 29 63.

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INTERNATIONAL CHRISTIAN FELLOWSHIP, Ev.-Freikirchliche Gemende, Sodenerstr. 11-16, 83150 Bad Homburg. Sunday Worship, Nursery & SS: 11:20 A.M. Mid-week ministries, Pastor M.Levey. Call/Fax: 06173-62728.

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North Korean Refrain: Up in the Sky, It's a Tuneful Satellite

By Don Kirk
International Herald Tribune

SEOUL — North Korea said Friday it had launched a satellite, oot a missile, over Japan on Monday and said the satellite was orbiting the globe broadcasting revolutionary hymns of praise for Great Leader Kim Jong Il and his late father, Kim Il Sung.

The broadcast said "our scientists and technicians succeeded in launching the first artificial satellite on a multistage rocket and getting it successfully into the correct orbit."

The broadcast confounded American, Japanese and South Korean officials, all of whom had said that North Korea had launched a two-stage medium-range Taepo-Dong 1 missile on a trajectory over Japan. The second stage was said to have landed 1,380 kilometers (863 miles) from its launching pad in Taepo-Dong on the northeastern North Korean coast.

The South Korean Defense Ministry said the North may have lied to avoid the threat of sanctions imposed by the United States and Japan, said Sonth Korea's semiofficial Yonhap news agency. A spokesman for President Kim Dae Jung said, however, that South Korea was asking the United States and Japan to see whether there was any truth to the North Korean claim before debunking it.

Later Friday, the United States said it doubted that the object launched by North Korea was a satellite. A Pentagon official said: "We still maintain it was a Taepo-Dong." Asked how the United States could be sure, he said: "We monitor the peninsula very closely."

Also on Friday, the U.S. deputy assistant secretary of state, Kurt Campbell, said there were "observations" that North Korea may fire a second missile to mark Kim Jong Il's election as president, expected Saturday.

Mr. Campbell reportedly told an official of the Japanese ruling party during a visit to Tokyo that if North Korea went ahead, the U.S. stance toward Pyongyang would change fundamentally, with possibly serious consequences.

Japanese officials and analysts expressed doubts that North Korea had the technical capability to place a satellite in space. "It's impossible," a foreign ministry source was qooted as telling Jiji Tsushin-Sha.

The North Korean broadcast suggested that all one had to do to confirm the existence of the satellite was to tune in to "the immortal revolutionary hymns 'Song of General Kim Il Sung' and 'Song of Kim Jong Il'" wafting over the airwaves at 27 megahertz.

There was no indication that anyone had tried to monitor the broadcast from space.

The North Korean announcement, carried simultaneously on television and radio from of Pyongyang, began as a reminder that North Korea begins observances this weekend to mark the 50th anniversary Sept. 9 of the founding of government of the Democratic People's Republic of Korea.

The broadcast did not mention the expected election of Mr. Kim by the 687-member Supreme People's Assembly as presideot and bead of state.

Besides emitting revolutionary music, the broadcast said, the satellite had a practical purpose "for the peaceful use of the cosmos and for scientific research."

North Korea-watchers' initial response was to laugh off the North Korean claim.

"It's conceivable they could put a satellite up there, but I have serious reservations," said Kenneth Quinones, who has visited North Korea 13 times in recent years as a U.S. State Department official. "If there is a North Korean satellite up there, we would have heard about it by now."

But analysts thought that one of North Korea's basic purposes, whether in firing missiles or launching a satellite, was to bargain for hundreds of millions of dollars from the United States.

The South Korean Unification Ministry said Friday that members of an American congressional delegation were told during a visit to Pyongyang last month that the North would stop exporting missiles in exchange for $500 million a year from the United States.

Mr. Quinones, who retired from his post as chief North Korea watcher for the State Department this year, said the North had been hinting at a possible deal for months.

"The fact that we are seeing dollar figures cited means the North Koreans are defining a negotiating position," said Mr. Quinones, who is now the Korea representative for the Asia Foundation. "They're trying to drive the hardest bargain. Their aim is oot to start a war but to maximize gains for minimal concessions."

Malaysian Reformer Garners Support

Following Ouster From Government, Anwar Plans to Appeal to the People

Agence France-Presse

KUALA LUMPUR — As human rights leaders, youth groups and regional newspapers came to his defense, the ousted Malaysian deputy prime minister, Anwar Ibrahim, vowed Friday to tour the country to defend his integrity and promote his version of reform.

Mr. Anwar, who was also finance minister when his former mentor, Prime Minister Mahathir hin Mohamad, fired him Wednesday, said a "major reform movement" had emerged in Malaysia.

Asked whether he would appeal directly to the people since his views were not being carried by the local media, Mr. Anwar said: "Yes, as sooo as possible, because I may be arrested anytime. It's a waiting game."

He added: "I will not get buses of people to pay to attend." He was referring to the governing party's alleged practice of transporting people to rallies.

It was not clear whether a campaign by Mr. Anwar could generate broad support. The Muslim Youth Movement of Malaysia, an organization founded by Mr. Anwar, denounced his dismissal.

"This shocking decisioo will create a political crisis, the last thing that the country needs in view of the ecooomic turmoil we are facing," the group said.

Dozens of human rights groups and opposition parties, including Amnesty International, the opposition Democratic Action Party and Malaysian Trade Unions Congress, issued a joint statemeot voicing their protest.

"The action illustrates the arrogance of the prime minister, who has completely disregarded fairness, due process and political accountability to the public," said Tian Chua, a spokesman for Soaram, a human rights group.

Despite the outcry from such groups, cabinet ministers and senior government officials have expressed support for Mr. Mahathir's "difficult" decision.

"Let's give the prime minister our full trust and remain solidly behind him," Education Minister Najih Tun Razak said.

After Mr. Anwar was expelled from the governing party, Mr. Mahathir said he was "saddened" by the unfolding events. "I wish it hadn't happened, not at this point," he said. "Bot these things have gone out of my control."

Some Asian newspapers interpreted the ouster of Mr. Anwar as an alarming turn of events.

"Whatever happens, this sacking is likely to prove disastrous for Malaysia," the South China Morning Post said in an editorial.

The Nation in Bangkok called Mr. Anwar's dismissal "an act of absolute authoritarianism."

Mr. Anwar said the current turmoil in Malaysia was precipitated by the downfall in May of President Suharto of Indonesia. He said Mr. Mahathir's decisioo to fire him had been driven by "paranoia about the terms nepotism and cronyism. Why do you need to be hypersensitive over the allegations?"

Long-simmering tensions between Mr. Anwar and Mr. Mahathir came to a head in June when a supporter of Mr. Anwar raised the issue of nepotism and corruption at an assembly of the United Malays National Organization, the governing party.

Mr. Anwar was ousted Thursday as deputy president of the party at a meeting of the party's supreme council presided by Mr. Mahathir.

Mr. Anwar, who has dismissed charges of sexual and official misconduct, was accompanied at a oews conference by his wife, Seri Hasmah Ali, a doctor. Asked what she thought of the sexual allegations against her husband, she replied: "It is baseless. I believe totally in my husband's innocence. I really believe in him. I married the man for what he stands for."

Earlier Friday, in a fiery speech at a local mosque, Mr. Anwar called on Malaysians to oppose Mr. Mahathir.

"The true power is with those who are brave enough to demand their rights for reforms and changes in the country," Mr. Anwar said.

"Remember, man can plan. But God also has his plans. For how long more do you want power? For how long do you want to monopolize wealth? How much longer do you want to cheat the people?" he said, apparently referring to Mr. Mahathir.

Some of Mr. Anwar's supporters created a site on the World Wide Web to defend him (*www.anwar.com.my*).

Mr. Anwar said he expected to be charged Friday but was unsure with what.

The Associated Press

POISON ALERT — Japanese police officers checking food in a convenience store in Nagoya after a clerk was sickened by a swallow of pineapple juice. A rash of poisonings, from arsenic in pots of curry to cyanide in tea, has gripped the country recently.

Burma Police Seal Off Campus As Student Protests Subside

Reuters

RANGOON — Truckloads of riot police blocked off a university here Friday after bundreds of students demonstrated again overnight against plans to relocate their campus, witnesses said.

Between 500 and 900 students tonk part in the demonstration at the Hlaing campus of the Yangon Institute of Techoology, diplomats said. The demonstration appeared to have subsided by Friday morning.

A diplomat said his embassy was trying to confirm a report that at least 100 students had been detained since the demonstrations began Wednesday.

Witnesses said some 200 helmeted riot police were stationed around the campus Friday morning. Traffic was not allowed on a road through the campus. Diplomats said students were apparently not being allowed out.

"They've blocked off the campus and sent along large numbers of riot police," a diplomat said.

The main political opposition group, the National League for Democracy, issued a statement calling on the military government to resolve the students' complaints peacefully, saying the demonstrations themselves had been peaceful.

The league "earnestly urges the authorities to make efforts to resolve these peaceful demonstrations peacefully," the statement said.

This week's demonstrations at the Yangon Institute of Technology have been the biggest here since late 1996. They coincide with increasing tension between the government and the National League for Democracy. The league has said it will convene the parliament that was elected in 1990 but that the army never allowed to sit.

The students have presecoted a number of demands to the authorities, but the main issue had become a government plan to relocate undergraduate classes to an area about a four-hour drive away from the current northern Rangoon site, diplomats said.

They said the military government's plan to divide the institute's facilities was part of a long-term strategy of dispersing students from the center of the capital.

In 1988, the army crushed an uprising for democracy that was led by students.

The government has been building two oew campuses for the institute. One is at Hlaingthayar, about a 45-minute drive from central Rangoon. The other is at Sinde, about four hours from the city, the diplomats said.

Students also have complained that refresher courses to prepare for final examinations oext week were too short, the diplomats said.

The government has kept the country's universities closed for most of the past decade to prevent student unrest. The Yangon Institute of Technology reopened last month for the first time since late 1996, specifically to allow for the refresher courses ahead of final examinations.

BRIEFLY

China Frees Producer Working for CBS

BEIJING — The Chinese authorities on Friday released from detention a television news prodocer employed by the American network CBS.

The producer, Natalie Liu, also known as Liu Qingyan, said by telephone that she was freed at dusk after being detained and questioned for more than two days for working for a foreign news organization in Beijing without government accreditation and for interviewing pro-democracy campaigners.

Chinese citizens are barred from working as journalists for foreign news organizations in China but can be employed as interpreters for or assistants to foreign reporters.

Miss Liu, 32, who has permanent resident in the United States, joined CBS News in Beijing in 1997 as a freelance associate producer.

She was detained from her Beijing home on Wednesday. She said the authorities knew she would obtain U.S. citizenship later this month. Washington had taken up the issue of her detention with Beijing. *(Reuters)*

New Kosovo Fighting

PRISTINA, Yugoslavia — Serbian troops battled separatist guerrillas Friday in the western part of Kosovo as the province's main ethnic Albanian leader urged them to allow humanitarian aid to get to tens of thousands of refugees.

Ibrahim Rugova, leader of the largest ethnic Albanian political party, the Democratic League of Kosovo, said at a news conference that a transitional political settlement was needed to end the violence in the Serbian province.

"The possibility of reaching an interim accord, the accord that will last for three years, is being considered," Mr. Rugova said. *(Reuters)*

Unrest in Indonesia

JAKARTA — A protest by 8,000 factory workers in the West Java town of Purwakarta turned violent Friday, as some protesters burned several company cars and pelted buildings with stones, the Antara oews agency reported.

Antara said the workers, at a textile factory, turned violent after their demand for a pay increase was only partly met by the management in a daylong protest.

The workers, from PT Indorama, had asked the company for a monthly raise of 150,000 rupiah (about $14); the management agreed to an increase of 25,000 rupiah. *(AFP)*

Cambodia Vote 'Fair'

SINGAPORE — The Association of South East Asian Nations endorsed the view Friday that Cambodia's July 26 elections were largely "free and fair," and urged contending factions to form a oew government.

It said ASEAN encouraged "all parties concerned in Cambodia, particularly the contending candidates, to resolve their differences in the spirit of national recoociliation and unity so that a new National Assembly could soon vote on a new government."

Hun Sen's ruling Cambodian People's Party won 64 of 122 National Assembly seats in the election but the opposition, led by his former co-prime minister, Prince Norodom Ranariddh, and a former finance minister, Sam Rainsy, has objected to the result.

They allege that Mr. Hun Sen's party woo through fraud and intimidation. *(Reuters)*

Kidnap Victim Freed

ROME — A wealthy Milan busioesswoman was freed by her kidnappers early Friday, nine months after she was abducted outside her apartment, news reports said.

Alessandra Sgarella, 40, was picked up by the police in Moschitti di Locri, in the southern region of Calabria. Italian news reports said that she was dropped off in the town at about 1:30 A.M. and that she then knocked on the door of the nearest bome to call police.

Miss Sgarella, who was being questioned by investigators, was said to be in good health.

Her captors had initially demanded a ransom of 50 billion lire ($28 million), the highest known in Italy, but it was unclear whether anything had been paid. *(AP)*

BOOKS

THE POTATO: How the Humble Spud Rescued the Western World

By Larry Zuckerman. 304 pages. $22.95. Faber & Faber.

Reviewed by Jonathan Yardley

THE sweeping claim in Larry Zuckerman's subtitle can be excused on the grounds of enthusiasm. The lowly potato has contributed to human life in many valoable and agreeable ways, but to single it out as the salvation of the world as we know it is, perhaps, a tiny bit overzealous — hut not, as this book proves, preposterous.

Zuckerman, a writer and editor, explains "how the tuber outlasted two centuries of prejudice to become a social force in France, England, Ireland and the United States." Although he traces the potato back to Peru and its exportation to Europe by Spain in the 16th century, his focus here is on those four countries and on the 18th and 19th centuries, with the Great Famine of Ireland serving as centerpiece.

The book explores a number of themes, most arising from the central fact about the potato: It has always been stereotyped as the food of the poor. Both a root and a nightshade, the potato was greeted in Europe with skepticism and even fear, especially among the privileged, who assumed that it was dirty and, being easy to cultivate and cook, encouraged the poor to marry and propagate, especially in Ireland:

"The potato was . . . implicated in both Ireland's poverty and its population explosion. This was easy to say because, for many Irish, the potato held the balance between sustenance and starvation. Even beyond that thin margin, the tuber pervaded social and domestic life until it defined them. With time it affected everything from housekeeping to attitudes toward marriage to the length people grew their thumbnails. Outsiders who saw this unbeard-of bond to a vegetable wrote as if the potato were Ireland, and that to appraise the country without appraising its chief food was impossible. They were right."

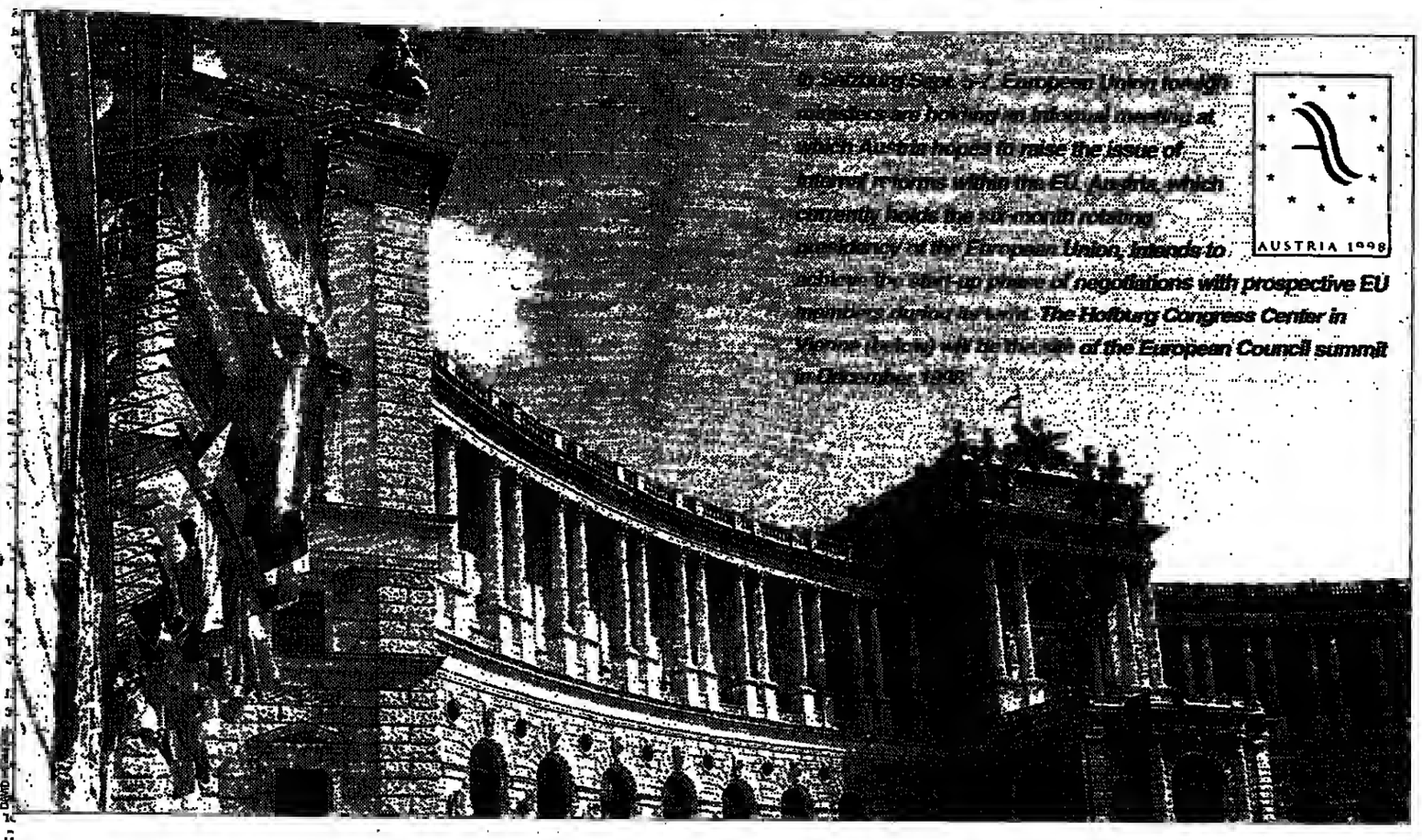
As that paragraph suggests, Ireland's response to the potato tells us a great deal about the country, in particular its deep division between rich and poor. Similar lessons are to be learned about France (after initially spurning the potato, the French habits of "thrift, simplicity, and self-denial" made the most of it), England (the rise in the potato's popularity went hand in hand with the industrial and agricultural revolutions as well as the move to the cities) and the United States (which eschewed snobbery and welcomed the potato as a sublimely democratic food).

One shortcoming in this otherwise informative and thorough book is that Zuckerman tells us too little about potato cookery and how it has evolved over the years, leading not merely to fish and chips and french fries, but also to fast-food potato bars in which nutrition takes a back seat to fat, calories and other delights. Whatever the potato may oow be, "humble" it most certainly is not.

Washington Post Service

هكذا من الأصل

AUSTRIA: SPOTLIGHT ON EU ENLARGEMENT



In Salzburg Sept. 5-7, European Union foreign ministers are holding an informal meeting at which Austria hopes to raise the issue of internal reforms within the EU. Austria, which currently holds the six-month rotating presidency of the European Union, intends to achieve the start-up phase of negotiations with prospective EU members during its term. The Hofburg Congress Center in Vienna (below) will be the site of the European Council summit in December 1998.

AUSTRIA 1998

FORCES THAT HOLD EUROPE TOGETHER

Austria's foreign minister, Wolfgang Schüssel, speaks about Europe's role in world trade and politics.

As president of the Council of the European Union and the first Austrian ever to hold this position, how do you view the future of Europe?

It is a very decisive crossroads we are now approaching. In the Europe of the 21st century it is not only the internal structures of the union that are at stake. The strategy of the union will also have to be redefined in view of the revolution now taking place — a global revolution. The single market already has the largest share in world trade figures. Thanks to economic and monetary union, the EU is becoming a global player in world financial institutions. It is only in foreign policy that we are lagging behind. What we need is a face or voice, a recognizable entity, for the common foreign and security policy — if you like, a Monsieur or Madame Europe. This should be settled during the European Council meeting in Vienna shortly before the end of the Austrian presidency in December 1998.

We also need a clear structure within the Commission and better horizontal coordination. For instance, to meet Kyoto [environmental] targets we have to reconcile the interests of industry, energy and the environment.

Or take the Council of Ministers. Today, we have four or five ministerial councils dealing with questions of the single market – industry ministers, single market ministers and ministers of energy, of tourism, and of research and development. This should be better coordinated.

What are the prospects for enlargement of the EU?

What the Austrian presidency intends to achieve is the real starting phase of negotiations in compliance with the screening of the Commission so that we can commence the debate on specific chapters in November. This would bring momentum to the whole process by opening the sensitive phase of real political negotiations. In its turn, this would strengthen the reform ambitions of the candidates and prepare them a little bit better. No time, no date, though. I am just determined to get things moving.

Apart from the turbulence in the Balkans during the 1990s, do you see any possibility for pacifying the region, and if so, how?

On the one hand, the EU has developed a very reasonable strategy, the so-called regional approach. Although all the countries belonging to the former Yugoslavia are now independent sovereign states, there is a need for a regional approach because they are all in the same geographical region. They need trade, infrastructure and also economic, cultural and political cooperation. We should give them a clear signal, always assuming there is pluralism and acceptance of democracy, freedom of the mass media, freedom of speech and positive treatment of the opposition. On the other hand, what can we offer in the way of a solution? Our own models of cooperation and good neighborliness. To take just one good example: South Tirol. A very delicate, emotional, sensitive issue between two countries [Italy and Austria] was solved in a very successful way.

What topics do you expect to raise at the informal meeting of foreign ministers in Salzburg?

We will start a debate on internal reforms in order for the EU to meet the demands of globalization. At a time when Europe is increasingly becoming a global player, there is a need for more European coordination and a need for internal reforms of the specific institutions. This means tackling problems of substance in the EU. There are a lot of centrifugal forces around. We should rather think about what holds Europe together. The General Affairs Council is the most pro-European body of ministers, and it should regain its position as the coordinating factor in the EU, but we need to imbue it with more team spirit. ●

Wolfgang Schüssel, Austrian minister of foreign affairs and current president of the Council of the European Union.

FOREIGN POLICY MILESTONES

For the historically minded, the current Austrian presidency of the European Union is of more than passing importance. The EU Council's president, Austrian Foreign Minister Wolfgang Schüssel, sits in the same office as once occupied by Prince Clemens Metternich, the "coachman of Europe," who managed the 1814-15 Congress of Vienna.

Things are very different now, of course — the great power hegemony that decided the Continent's destiny in the 19th century has been replaced at the end of the 20th by shared sovereignty. Whereas the congress reputedly spent most of its time dancing, the EU presidency is making its presence felt by hard, nuts-and-bolts work, as EU Council President Schüssel states.

Since World War II, many famous foreign ministers have made their mark on Austrian and European history:

- **Karl Gruber** negotiated the original agreement on South Tirol with Italy.
- **Leopold Figl** signed the May 1955 State Treaty, which restored full sovereignty to Austria.
- **Bruno Kreisky**, during almost a quarter of a century in office, took many initiatives to build bridges between Europe and the Middle East.
- **Alois Mock** was instrumental in steering Austria into the European Union.

CLEANING UP KEY PART OF JOINING UP

Environmental concerns are a central issue in negotiations for further EU expansion.

A central concern of the European Union at the century's end is the enlargement of the 15-member community in the near future by as many as six or even 10 countries. Many interrelated factors — political, economic and social — are involved. One factor, however, transcends all of the others: the need to protect the environment on a continent-wide basis, even before the finer points of enlargement protocol are settled in Brussels.

Only last year, the United Nations Economic Commission for Europe held its Regional Conference on Transport and Environment in Vienna as part of a follow-up to the 1992 UN Environment Conference in Rio. This, the first-ever joint conference of all European ministers of transport and environment, addressed the central issue of integrating environmental goals and strategies into transport policies on a pan-European level.

In Austria, the question of EU enlargement has become a touchy subject, with the probable benefits seemingly outweighed by potential problems. The state secretary in the Ministry for Foreign Affairs, Benita Ferrero-Waldner, admits that Austrians — like many people in Belgium, Germany and France — were shown to be skeptical in the results of a poll regarding the need for enlargement of the EU. She says, however, "I am certain the results of a similar poll will be different in five to seven years. Enlargement is a historical and strategic necessity rather than a policy option. With enlargement we will get what we did not have for a long time — stability and free markets to the West and to the East as well. It is also the best, and probably the only, way to unite Europe peacefully, since both the candidate countries and the EU member states share common values."

'Enlargement is a historical and strategic necessity rather than a policy option. With enlargement we will get what we did not have for a long time — stability and free markets to the West and to the East'

As Ms. Ferrero-Waldner points out, the EU has already elaborated accession criteria and a pre-accession strategy for candidate countries for the adoption and implementation of an environmental law, which the Commission estimates will cost about $120 billion. The EU welcomes the candidates' efforts to accept its environmental stipulations — regarding nature protection, water and air quality, industrial pollution control, waste management and noise standards — and has created a new facility to support their efforts financially to the tune of $1.2 billion a year for municipal and industrial projects.

Of course, Austria has its own specific interests in the environmental area, particularly with respect to anxiety about nuclear power facilities in neighboring countries. These national interests do not, however, impinge on its six-month EU presidency, because the environment has been accorded high priority in the pre-accession strategy.

Ms. Ferrero-Waldner sees enlargement as a chance for rather than a threat to the environment, assuming that EU standards for products and plants are adopted and implemented as soon as possible in order to create fair competition between EU member states and the candidate countries. All member states support the idea of enhancing nuclear safety to state-of-the-art levels within the EU.

In terms of timing, the Austrian state secretary for foreign affairs would like to see negotiations started soon on some chapters of the substantial accession procedure. The environment chapter, though, will not be screened by the Commission until early 1999, so that it will be up to coming presidencies to deal with the environment dossier. ●

TRANS-ATLANTIC AND GLOBAL TRADE

Global partnerships as well as a common currency should increase the EU's trading clout.

As a relatively small country with a population of barely 8 million, Austria has little choice but to accept globalization, with all its positive and negative consequences. The European Union, with a total population of 370 million (40 percent more than the United States) is rapidly establishing itself as a global player in its own right. In order to meet the economic challenge from the United States and Asia, Europe is looking to establish and consolidate a framework of competitiveness and productivity for its own enterprises. This is one of the tasks at the forefront of the Austrian EU presidency.

Both in Brussels and at national level, new ways are being sought to improve the quality of education as well as step up levels of research, technology and development as prerequisites for business location. Job creation is being studied in the context of healthy enterprises, especially small and medium-sized companies.

The introduction of the euro on Jan. 1, 1998 is seen by many as the most effective single instrument in winning the globalization stakes. The new common currency — although not yet formally accepted by all the eligible EU members — should make Europe less vulnerable to instability on global financial markets. Whereas 50 percent of all international transactions are now made in U.S. dollars, this amount could possibly be equaled within 10 years by the euro, according to analysts, and the currency will certainly play a key role in all commercial transactions within the single market itself. As Austria sees it, the euro is Europe's most effective answer to globalization.

In order to anticipate future developments, the concept of a Trans-Atlantic Economic Partnership covering trade and investment was broadly formulated in May 1998 by European ministers. The intention was to implement this at an EU-U.S. summit meeting to be held in Washington, DC, shortly before the end of the Austrian EU presidency, with Austria represented by both Chancellor Viktor Klima and Foreign Minister Wolfgang Schüssel. This would enable the formulation of joint EU-U.S. strategic approaches regarding future steps within the World Trade Organization. The Trans-Atlantic Economic Partnership could then be extended in the medium to long term to embrace Canada and Mexico. ●

Top, left to right: Klaus Kinkel, Wolfgang Schüssel and Robin Cook, foreign ministers of Germany, Austria and Britain. Above, left to right: Jacques Santer, president of the EU Commission; Wolfgang Schüssel, Austrian foreign minister; and Manfred Scheich, Austrian ambassador to the EU. Left: Benita Ferrero-Waldner, Austrian state secretary for foreign affairs.

INFORMATION RESOURCES

All of the sources listed below are available wholly or mainly in English.

Web sites:

Full information on current events in the six-month European Council presidency: http://www.eu.presidency.gv.at

Austrian EU presidency in the United States, with valuable links: http://www.austria-eu.org

Regular Foreign Ministry home page: http://www.bmaa.gv.at

Austrian Press & Information Service in Washington, DC: http://www.austria.org

Austrian Embassy in London: http://www.austria.org.uk

Austrian EU presidency; research and development: http://www.cordis.lu/austria

Austrian Cultural Institute, New York, with on-line version of monthly "Austria Kultur": http://www.austriaculture.net

Books:

"Austrian Foreign Policy Yearbook 1997": annual report of the Austrian Federal Ministry for Foreign Affairs (published by BMAA, Ballhausplatz 2, 1014, Vienna, Austria/Ariadne Press, 270 Goins Court, Riverside, CA 92507, USA).

"Europe in Us": Austria's historical links with all the present member countries of the European Union (published by Österreich Werbung, Margaretenstrasse 1, 1040 Vienna, Austria).

Radio:

Report From Austria, daily half-hour program on shortwave (Radio Austria International); Internet (http://www.wrn.org/realaudio); and satellite (Astra 1C in Europe/Galaxy Five in North America).

TOWARD MORE EFFICIENT OPERATIONS

The method as well as the matter of EU operations is being studied during Austria's presidency.

In addition to the major topics preoccupying its six-month presidency of the European Council, Austria has recognized the need to make progress in a wide range of smaller projects connected with various working procedures of the European Union.

Even without making any alterations to constitutional structures, a need was seen for increased efficiency in the day-to-day functioning of the commissions, ministerial councils and committees.

"Fitness for Europe in the 21st Century" is the motto being promulgated, not least by the symbolic distribution of running shoes displaying the red-and-white colors of the Austrian flag to all the statespeople visited by EU Council President Wolfgang Schüssel on his tour of EU capitals.

Recommendations are being drawn up to reduce the number of conferences (particularly those with non-EU countries) and to streamline opinion exchanges at the sometimes lengthy luncheon sessions that have come to characterize these conferences.

Less can be more

More use, it is felt, could be made of video conferences, abolishing the need for time-consuming travel, and of computerized translating and interpreting facilities, which could eventually eliminate many of the expensive human resources involved at present.

The Austrian Foreign Ministry's exclusive, highly innovative internal document distribution and filing system, relying almost entirely on computer technology (UNISYS servers and FABA software), is seen as a model of efficiency, since it provides instant links with all 650 staffers in Vienna, as well as with embassies and consulates around the world. If this system were applied at EU level, it could help make Europe more fit for the future. ●

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WRITER: *David Hermges in Vienna.*
PROGRAM DIRECTOR: *Bill Mahder.*

Ex-Rwandan Prime Minister Gets Life Term for Genocide

By James C. McKinley
New York Times Service

ARUSHA, Tanzania — A UN tribunal sentenced a former prime minister of Rwanda to life in prison Friday for his part in the 1994 genocide there, despite his agreement to plead guilty and to testify against other high-ranking officials.

Jean Kambanda, who served as prime minister during the months in 1994 when more than 500,000 people were killed in one of the worst mass murders in history, stood motionless in court as the president of the tribunal, Judge Laity Kama of Senegal, told him he would spend the rest of his life in a prison cell.

Mr. Kambanda is the first persoo in history to be sentenced for the crime of genocide, an offense first conceived in the 1948 Genocide Convention after the horrors of World War II and now incorporated into the UN tribunal's statutes.

Judge Kama said the gravity of Mr. Kambanda's crimes outweighed the assistance he had given to prosecutors and his willingness to accept responsibility for what happened. On May 1, Mr. Kambanda pleaded guilty to six counts of genocide and crimes against humanity.

Mr. Kambanda, a 42-year-old former bank director, has described to prosecutors in more than 90 hours of recorded testimooy the inner workings of the interim government that orchestrated the killings.

"The principle must always remain that the reduction in the penalties from mitigating circumstances must in no way diminish the gravity of the offense," Judge Kama said.

"Jean Kambanda committed these crimes knowingly and with premeditation," the judge added later. "The crimes are unacceptable because, as prime minister, Jean Kambanda had the duty and the authority to protect the population."

Prosecutors said the judge's decision to impose the maximum penalty they are allowed to under the tribunal's statute would make it more difficult to persuade other defendants to plead guilty.

But they said Mr. Kambanda was still likely to testify in future trials, if only to protect his wife and children, who are being guarded by UN bodyguards. In addition, they said, the court can reduce Mr. Kambanda's sentence in the future in light of the testimony he gives against his former colleagues.

"His main concern has been the protection of his family," a senior prosecutor, Mohammed Othman, said.

One Rwandan diplomat said Mr. Kambanda's confessioo that the interim government had organized and carried out the genocide was gratifying, since many Hutu leaders still deny that the state sponsored the massacres.

"The person who is being sentenced was a key player in the whole genocide," the diplomat, Joy Mukanyange, said. "In a way he has convicted the entire government of the time."

But in a presentencing hearing Thursday, a defense lawyer portrayed Mr. Kambanda as an unwilling puppet whom Hutu militants had coerced to lead the government during the massacres.

The lawyer, Oliver Michael Inglis, said Hutu militants had drafted Mr. Kambanda against his will to become prime minister shortly after an airplane carrying the Rwandan president, Juvenal Habyarimana, was shot down near Kigali, the capital, on April 6, 1994.

Mr. Kambanda was at the heart of the interim government that orchestrated the killings before being defeated in July by Tutsi rebels and forced into exile in the former Zaire.

At the hearing Thursday, Mr. Inglis said Mr. Kambanda had had no choice. He said the Hutu military leaders who had seized the government dragged Mr. Kambanda out of his bank position and forced him to serve to give their government legitimacy.

But prosecutors argued that Mr. Kambanda was not only a willing member the government that oversaw the genocide, but became its main spokesman. He traveled throughout the country, visiting places where massacres were taking place, and gave inflammatory speeches that encouraged people to kill Tutsi, they said.

"We have a number of speeches, recorded speeches, that he made which we think amounted to a direct call to people to commit genocide," Mr. Othman said.

Mr. Kambanda also signed directives legalizing the murderous gangs of militiamen and personally distributed arms to them, knowing they would be used to commit massacres, prosecutors said.

The former prime minister admitted that he had dismissed the Tutsi governor in his home region, Butare, and replaced him with a radical Hutu official, who organized killings of Tutsi civilians.

But perhaps the most chilling charge Mr. Kambanda has acknowledged is that he led a meeting in Kiboye in May 1994, at which local officials asked him to save dozens of Tutsi children who had survived a massacre and were hiding in a local hospital. Mr. Kambanda did nothing to help them. They were killed later that day.

After the Tutsi rebels defeated the government army and stopped the killings, Mr. Kambanda fled into the former Zaire with thousands of other Hutu refugees in July 1994.

He later moved to Nairobi, where he was arrested in July 1997 along with several other high-ranking former government officials.

Antony Njuguna/Reuters

Former Prime Minister Jean Kambanda during his sentencing Friday.

Family Visits And Business Put Them On Flight 111

The Associated Press

The victims on Flight 111 were traveling for business and pleasure when disaster struck. Following are sketches of some of them, based on information from Swissair, family and friends:

Else and Torkild Albertsen of Tenafly, New Jersey: Natives of Denmark, the couple were heading to Geneva to visit a daughter before continuing to Turkey. Mr. Albertsen ran Tower Brokerage, a fruit and vegetable importing business. Mrs. Albertsen formerly worked in the personnel department of CPC International, now known as Bestfoods, in Englewood Cliffs, New Jersey.

Patricia Ezell, 38, of Irvington, Alabama: A native of Baar, Switzerland, Mrs. Ezell worked as a project assistant for a German chemical company that had a plant near Mobile, Alabama. She was on Flight 111 to visit relatives. "My sister woke me up at 12 o'clock at night," said her hosband, Danny Ezell. "She just told me that her plane went down and we started watching the news. We knew her flight number — there was no mistake about it."

John Mortimer, 75, and wife, Hilda, 69, Stamford, Conn.: He was a retired executive of The New York Times. Before retiring in 1983, he had been senior vice president for personnel and industrial relations and assistant to the president of the New York Times Co. The couple were traveling on their annual European vacation to the south of France.

Tom Hausman, 33, of New York: Mr. Hausman was head of the Latin American division of Continental Grain Co. He and his wife, Lanita, did not have children but were working on adopting a baby, family members said. Mr. Hausman grew up on his parents' farm just south of Champaign, Illinois, but returned home to visit family and friends. "Tom was still the same caring guy, despite his success," said Roger Kleiss, a close friend since kindergarten. "I know this sounds like a cliché, but he really had a zest for life."

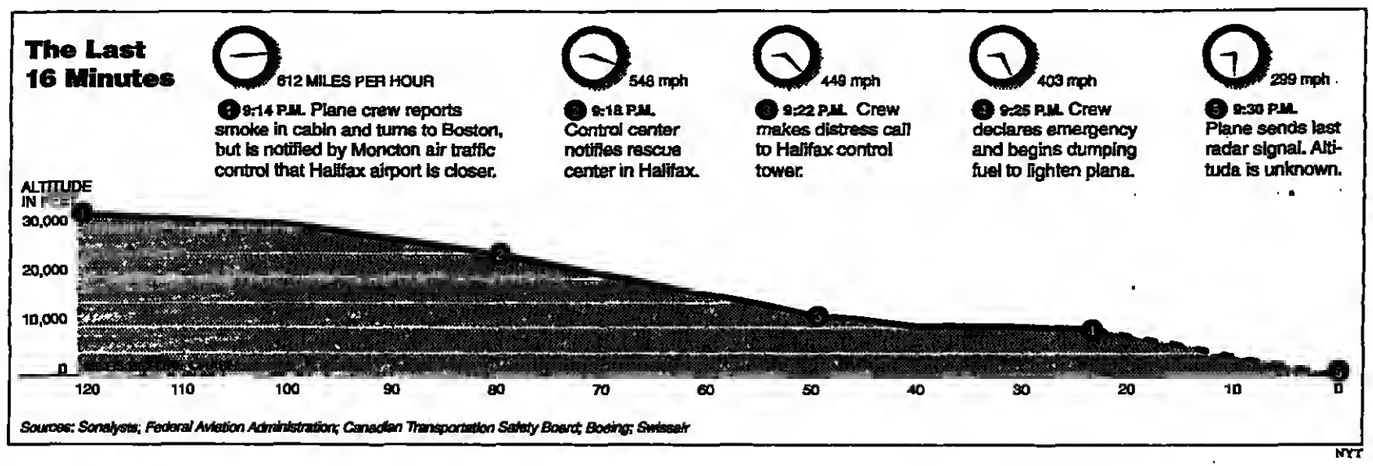
Lawrence and Pauline Hopcraft of Gates Mills, Ohio: Mr. Hopcraft, 55, was a vice-president at Parker Hannifan Corp. Mrs. Hopcraft was the first employee hired at Walt Disney World in Orlando, Florida, when it opened. She worked in hospitality but sometimes was recruited to dress as Goofy for parades. The Hopcrafts were going to France for two months on business.

Jay Jasan, 40, of Basking Ridge, New Jersey: Worked for the pharmaceutical giant Merck & Co. and was traveling to a business-related meeting in Geneva. Mr. Jasan was in the company's clinical development studies program, testing drugs' effects on people. "The people he worked with are very, very opset," said a Merck spokesman, John Doorley. "They feel it's a tremendous loss."

Maryline Junod, 42: A Swiss national and a manager at International Flavors & Fragrances, a New Jersey-based company. She worked in the company's New York City office. She had left her office Wednesday in a rush for the airport, said Bill Dalton, the company's vice president of global public affairs. "She was running late and was concerned she would miss the plane," he said. Ms. Junod was headed to Europe to visit family and friends.

James Kassel Jr., 34, of Medford Lakes, New Jersey: He was a senior manager of corporate meeting planning services for Bristol-Myers Squibb and was on his way to a business meeting, said Jane Kramer, a company spokeswoman. Said a friend, John Sederat: "Jim was one of the happiest, most outgoing people. He had a great sense of humor."

Denis and Karen Maillet of Baton Rouge, Louisiana, and their 14-month-old son, Robert: The 37-year-old engineers planned a two-week vacation to introduce their son to his French grandparents. "The Maillets were very excited about going home to visit Denis's parents," said the Reverend Gerald Burns of St. Aloysius Church in Baton Rouge. Mr. Maillet, a native of Lyon, met his wife through their work as engineers, said Jayne Thibodaux, a family friend. He initially spoke no English and she no French, but they quickly learned each others' languages and fell in love, she said.



The Swissair Victims

The Associated Press

Following are the names of 214 of the 215 passengers and all 14 crew members aboard Swissair Flight 111.

The passenger list was released by Swissair, which did not provide hometowns or nationalities, and was augmented with some ages, hometowns and other information provided by family members or employers.

Passengers

George Abody; Keith Abery; Steimon Aboutaam of Bloomfield Township, Michigan; Suada Aboutaam of Bloomfield Township, Michigan; Ingrid Acevedo of, New York; Pierre-Andre Aelleu Else Albertsen, 74, of Tenafly, New Jersey; Torkild Albertsen, 76, of Tenafly, New Jersey; Bruno Allaoume; M. Amposta.

Pierre Baboiot; Pascal Baconnier; Ludwig Baeumler, 61, of Geneva; Eudyce Bait; Martin Bait, Patrick W. Bait; Jesse James Benjamin; Stacey Benjamin; Wahkyn Benjamin; Whitney Ginger Benjamin; Joachim Bilger, 49, of Geneva; Suzanne Bittenbinder, 33, of West Palm Beach, Florida.

Andrew Boisfenti; Geoffroy Bouchout; Faye Bourit; Rosline Bourey Jane Bove; Erich Burckhard; Susan Burghardt; Dominique Burrus; Thierry Burrus; Catherine Calvert-Mazy, 37, of France; Maxine Cappola; Gabriela Caripides.

Peter Caripides; William Caripides; Natasa Cegar; Cauley Chapman; Mark Chapman; Odette Chatelain; Raoul Chatelain; Nathalie Chevey; Nicolas Chevey; Mary-Lou Clement-Mann, 51, of Columbia, Maryland; Richard Coburn.

Thierry Colinbarond; Barry Colmery of Canfield, Ohio; Julie Colmery of Canfield, Ohio; Albert Danon; Maarten Oegroet; Jana Demeire; Caroline Depledge; Jane Depledge; Michael Depledge; Norman Depledge; Yves de Roussan, 41, of Canada; Mahmood Diba; Lenora Ditchkus of Teaneck, New Jersey; Michael Ditchkus of Teaneck, New Jersey.

Karen Dominique; Rhonda Donaldson; C. Dumitru; Patricia Ezell; Tara Fetherolf; Douglas Finp; Maryvonne Frevier; Froghi (no first name); William Fuhrmann; Deborah Gambone of Watertown, Connecticut; Michael Gambone of Watertown, Connecticut.

Amanda Garboudes; Christine Garboudes; Herve Garboudes; Tristan Garboudes; Pierce J. Gerety Jr., 56, of Fairfield, Connecticut; Joan Hammond, 65, of Edmonds, Washington; Paul Hammond of Edmonds, Washington; Cherie Hastie, 59, of Marietta, Georgia; Thomas Hausman, 33, of New York City; Roberle Hewsom.

Gabriel Hoche, 62, of Richmond, Virginia; Andrew Holdsen; Anne-Sophie Hoel; Francoise Hoel; Marie-Francoise Hoel; Olivia Hoel; Paul-Edouard Hoel; Pauline Hopcraft of Gates Mills, Ohio; Lawrence Hopcraft, 55, of Gates Mills, Ohio; C.H. Ioniomopoulou; Olivier Jackman.

Jay Jasan, 40, of Basking Ridge, New Jersey; Evelyn Jegge; Isabelle Jegge; Somesh Jhurani; Maryline Junod, 42, of New York; Marina Kaiser; Serge Karamanoukian; James T. Kassel, 34, of Medford Lakes, New Jersey; N. Kefalidis; Kevin Kief; Klaus Kinder-Geiger, 36, of Long Island, New York.

Eric Kitsinger; Stanley Klein; Karen Kleinman of Shelton, Connecticut; Leonard Kleinman of Shelton, Connecticut; Stephane Kohler; Jean Kokoruda of Trumbull, Connecticut; Robert Kokoruda of Trumbull, Connecticut; Thomas Kreis; Heidi Kreischmer; Joseph LaMotta, 49, of New York City.

Dario Lampietti; Don Lattimer of New York City; Nancy Lattimer of New York City; Anne-Laure Lemaitre; Jean-Luc Lesaichot; Ronny M. Levy; Jeffrey M. Libretti; Anna B. Lucas of Henderson, Nevada; James N. Lucas of Henderson, Nevada; Denis Maillet, 37, of Baton Rouge, Louisiana; Robert Maillet, 14 months, of Baton Rouge, Louisiana.

Manuel Makarevitch; Gilda Mallin; Ralph Mallin; Dr. Jonathan Mann, 51, of Columbia, Maryland; Laukia Manthou; Joseph Martin; Elahah Mehrarabansarit; C. Mendez Alma Milne, 66, of Fairview Park, Ohio; Robert Milne, 67, of Fairview Park, Ohio; Astrid Miralai; Chantal Miralai; Houchang Miralai.

Francoise Molinier; Jean-Philippe Molinier; N. Monay; J.P. Morera; M. Morera; Hilda S. Mortimer, 69, of Stamford, Connecticut; John H. Mortimer, 75, of Stamford, Connecticut; Julie Moser; Jean-Max Mozes, 51, of Haworth, New Jersey; Jaques Munari.

Phyllis Napoli; Yolanda Navarro; Tara Nelson, 35, of Mystic, Connecticut; Adrienne Neuweiler; John Neuweiler; Betty Nocera; Claude Nocera; William Ogara; A. Omrani; Cielia Pereau; Jean-Louis Pereau; Joelle Pereau; Sylvie Pereau; Yves Pereau.

E. Perroud; Sker Pinoesch; Charlotte Plumleigh, 56, of Lakewood, Colorado; Glen Plumleigh, 56, of Lakewood, Colorado; M. Cecile Rappaz; Michel Rappaz; J. Ratnavale; V. Ratnavale; Karine Richard; A. Rizzo; Victor Rizzo; Raymond Romano; Maurizio Rossi.

E. Salakhoutdinova; Magda Salama; Nina Sannes; Prince Sandar ibn Saud ibn Abdel Rahman of Saudi Arabia; Crystel Saugy; A. Scarboro; Matthew Scott, 33, of New York City; Norman Scoular, 45, of Manchester, England; S. Sequi; Stephanie Shaw; Diane Scheer of Norfolk, Massachusetts; Donald Scheer, 49, of Norfolk, Massachusetts.

Stephanie Shuster, 32, of Union County, New Jersey; Caroline Smith, of Augusta, Georgia; Per Spannes, 53, of New York; Eugenia Spanopoulou; Hodsey Pichos Spanopoulou; Julie Sperber of San Juan Capistrano, California; Thomas Sperber, of San Juan Capistrano, California; H. Lloyd Springer of Boca Raton, Florida; Judith Springer, of Boca Raton, Florida.

Peter Stauffer; Dr. Robert Stouter, 45, of Warren, Ohio; Albert Tahmoush; Odette Tahmoush; Alexandre Thioudellet; Emmanuel Thioudellet; Ernest Thompson; Sebastien Thorens; Nenad Tomov; Nancy Topfgibson; Christos Tsolfas; Maria Tzamarioudaki.

Vincent Villet; Rowennalee White; Alex Wilcox; Petra Wilcox; Monte Wilkins; Dr. Roger Williams, 54, of Salt Lake City, Utah; Jonathan Wilson, 22, of Brandon, Florida; Marino Zenios.

Crew

Irene Selrisey; Raphael Birkle; Anne-E. Costion; Patricia Eberhart; Colette Furter; Stephan Loew; Rene Oberhansli; Serena Pozelle; Jeannine Pompili; Regula Reutemann; Peter Schwab; Brigit Wiprachtiger; Urs Zimmermann, the pilot; Florence Zuber.

VICTIMS: *UN Grieves for Its 7 People on Doomed Flight, Known as World Body's Airbus*

Continued from Page 1

director for international and operational affairs with the World Intellectual Property Organization in Geneva.

Dr. Jonathan Mann, who helped shape the international campaign against AIDS, was traveling on the flight with his wife, Dr. Mary Lou Clements-Mann, to attend AIDS-related meetings in Geneva.

Dr. Roger Williams, an expert in the field of cardiovascular genetics, was flying to Geneva to head a meeting on one of his projects at the World Health Organization.

Dr. Williams, a professor of internal medicine at the University of Utah School of Medicine, had developed an elaborate family tracking system to help identify people who were genetically predisposed to cardiovascular diseases.

Two Unicef officials were on the flight.

Yves de Roussan, a Canadian, worked with adolescents who were abandoned or ran afool of the law and was the agency's regional adviser for Central and Eastern Europe. Ingrid Acevedo, an American who was director of public relations for Unicef's U.S. National Committee, was on her way to attend a meeting to plan for an annual communications workshop.

The plane had its share of chronic fliers. It was small wonder that Norman Scoular was on a plane Wednesday night. Last year, in carrying out the demands of business, he spent 337 nights in botel rooms.

Mr. Scoular, a Scottish-born resident of Manchester, England, was the chief executive of Sylvania Lighting International, which had recently been acquired by SLI Inc. of Canton, Massachusetts, and of which he had become chief operating officer. After meeting with SLI officials, he had boarded Flight 111 to go to Geneva to shut down an office there.

The Brookhaven National Laboratory in Upton, New York, said that it lost both a physicist and a guest researcher in the crash.

Klans Kinder-Geiger, a German citizen who was an associate theoretical physicist at the laboratory, was on his way to Trento, Italy, where he was to speak at a physics workshop. He then planned to continue his work at a particle physics laboratory in Geneva.

Per Spanne, a Swedish citizen, was a guest researcher at Brookhaven's Synchrotron Light Source facility. His career was rooted in finding new ways to use X-rays to diagnose disease and for high-resolution imaging of objects. He helped pioneer a technique known as phase-contrast microtomography that allows detailed images of the interior of solid objects.

As is always true with international flights, even in the last gasps of summer, some of the passengers were not traveling on business.

Disaster inevitably has its other side, those individuals whose moments of vacillation saved their lives. Marc Rosset, the Swiss tennis player, told reporters at the U.S. Open that he was booked oo the doomed Flight 111 after his first-round defeat forced his early departure from the tournament.

Not long before he was due at the airport, he said he chose to stay one more day to get in some practice with the top-level hitting partners available at the tournament.

"It was a strange feeling when you realize that for just changing your mind you are still alive," Mr. Rosset said.

The former middleweight champion fighter Jake LaMotta lost his 49-year-old son, Joe, president of LaMotta Foods Inc. In February, Mr. LaMotta lost his older son, Jake Jr., to cancer. "My only two sons died in the same year," Mr. LaMotta said. "What is God trying to tell me?"

Mahmood Diba, a cousin of the wife of the late Shah Mohammed Reza Pahlavi of Iran, was among the victims, according to family sources in Geneva. "He was a first cousin of Empress Farah, the only Iranian on the list," a family source told Reuters.

Prince Bandar ibn Saud ibn Abdel Rahman of Saudi Arabia also was among those killed, Saudi aeronautics officials said. "The 42-year-old former military pilot was aboard the Swissair plane. He was going to Geneva to inquire about the health of his father, who is hospitalized there," said a Saudi official. Prince Bandar was a businessman who made frequent trips to the United States.

Two best friends from Georgia also perished.

Caroline Smith of Augusta and Cherie Hastie of Marietta were heading to Europe for a vacation and planned to meet up in with Mrs. Hastie's daughter, Elizabeth. *(NYT, AP, Reuters, AFP)*

In Halifax, 'We Waited, but Nothing Came'

By Alisa Valdes-Rodriguez
Boston Globe

PEGGY'S COVE, Nova Scotia — Troy Kruger, a young refueler at Halifax International Airport, heard the voice on the radio in his truck on the runway.

A pilot in an unknown plane was carrying on an urgent, barely controlled cooversation with the man in the airport tower.

What Mr. Kruger did oot know was that the voice belonged to the pilot of Swissair Flight 111 and that he had only moments earlier told air-traffic control that he was "one level below an emergency," according to investigators.

The pilot circled back, heading toward Boston, they said. Air-traffic control advised him that Halifax was closer, 80 kilometers (50 miles) away. The pilot turned around and flew on.

By that time, his voice was being heard in Halifax by Mr. Kruger, the tower operator and a pilot on the ground named Andrew Arthur. "He said there was smoke in the cabin, that it was an extreme emergency," Mr. Arthur said. "I wasn't sure it was a big plane, but when he said he was going to dump 208 tons of fuel, I knew it was a major problem."

With smoke filling the plane, the pilot guided the MD-11, carrying 229 people, to within 48 kilometers of the Halifax airport.

Mr. Arthur and Mr. Kruger stepped outside and stared up at the sky. "We were waiting for the lights to come down, something, anything. But nothing came," Mr. Arthur said. "You could hear the tower guy's sigh, almost like he was crying."

CRASH: *Swissair Seeks Clues to Disaster, but 'No Explosion' Seen*

Continued from Page 1

no explosion from any kind of terrorism, but we do not rule out any possibilities in this moment," said Benoit Bouchard, the chairman of the Canadian Transportatioo Safety Board.

The crash Wednesday night was particularly puzzling since strong safety records have been enjoyed by both Swissair and the airliner, a McDonnell-Douglas MD-11, a three-engined plane adapted from the DC-10 and operated by a score of airlines.

The plane crashed when it was six minutes away from the airport in Halifax, Nova Scotia, where it was attempting to make an emergency landing after turning back over the Atlantic.

The pilot, complaining of a control malfunction, had initially expected to land in Boston, but was routed to the closer Canadian airfield as the plane's problems worsened.

While the pilot was draining fuel to prevent an explosion in an emergency landing, the plane apparently plunged into the sea with enough force to smash the aircraft oo impact.

There was confusion Friday abont whether Swissair had carried out a small design modification, estimated to cost $1,600, to eliminate a potential wiring risk that could start an electrical fire and interfere with the wing-flap controls.

The change was ordered by the Federal Aviation Authority in 1996 after an airline reported a problem in a cable in the cabin. Compulsory for U.S. carriers, the repair was only a recommendation to foreign airlines such as Swissair. But several experts said Friday that Swissair would have made the fix routinely.

Swissair said Friday that it had specifically carried out the modification last year — "in the plane that crashed," an executive said. But he cited a recommendation from Boeing, involving a potential problem with cables chafing in the cockpit. So it was not certain that it was the same potential defect as the one involved in the 1996 finding.

Swissair reported oo problems with its MD-11s, including the one that crashed. "It had a clean bill of health," according to Jeffrey Katz, the airline's head. He said the plane was seven years old.

Swissair was bringing up to 300 relatives of the victims by special flights from Europe and the United States to the crash scene as rescue attempts turned into a salvage operation in choppy waters off Nova Scotia.

Jet With Smoke in Cockpit Lands Safely

Agence France-Presse

HALIFAX, Nova Scotia — A Canadian charter jet bound for Scotland with 225 people on board made an emergency landing Friday because smoke was detected in the cockpit. The incident came just 25 hours after Swissair Flight 111 crashed after the pilot reported a similar problem.

Officials here said the pilot of a Royal Airlines Boeing 757 reported smoke in the cockpit while en route from Toronto to Glasgow. The jet, with 225 people on board, was 240 kilometers (150 miles) off the coast of Labrador when it was diverted to Goose Bay, Newfoundland, for an emergency landing. The aircraft landed safely, and no injuries were reported.

Scanlan/Reuters

Prime Minister Bondevik of Norway before he became ill.

OSLO: *Norwegians Rally Around Their Prime Minister, Depressed by Work and Stress*

Continued from Page 1

degree of cohesion behind Anne Enger Lahnstein, the culture minister and leader of the rural-based Center Party, who is acting as prime minister. Public bickering has stopped and ministers say they will complete negotiations on the 1999 budget by Monday.

Bnt many analysts question whether any budget will be adequate to meet Norway's needs, or pass muster with the Storting, where the three-party coalition holds just 42 of the 165 parliamentary seats.

The coalition is governing by default because Labor, the country's largest party, resigned from the government last year after falling slightly short of its self-declared vote target.

Along with his allies, Mr. Bondevik promised new spending for rural regions, pensioners and families. The centerpiece of his plans was a promised tax-free benefit of 3,000 kroner ($388) a month to families that keep children aged 1 and 2 at home, rather than placing them in state-sponsored child care. The benefit is projected to cost 3 billion kroner a year and thousands of parents in two-income households have quit their jobs or taken leaves in anticipation.

The trouble is that most financial market analysts and the Norwegian central bank are demanding fiscal restraint to contain a potential inflation spiral.

Unemployment is 2.4 percent after several years of growth, and wages are expected to rise an average 6 percent this year as companies are forced to bid aggressively to attract workers. The consensus view is that taxes must go up, or spending down, to the tune of 10 billion kroner, or 1 percent of gross domestic product.

The government's difficulties have been compounded by the weakness in the price of oil, of which Norway is the second-largest exporter after Saudi Arabia, and the financial turmoil spilling out of Russia. The krone has fallen more than 5 percent in recent weeks.

The central bank has pushed short-term rates up by 4.5 percentage points in recent months, to 10 percent, inflicting immediate pain on the vast majority of Norwegians who own their homes and have adjustable-rate mortgages.

Hence some reasons for Mr. Bondevik's depression.

"He realizes now he is unable to keep up with his own promises," said Havard Narum, political editor of the Aftenposten newspaper. "He is not only the Christian Democratic leader, he is a Christian with high moral values. This is very stressful for him." Mr. Bondevik is a Lutheran minister.

For all of his problems, most politicians and analysts here regard Mr. Bondevik as the only figure with the experience and cross-party appeal to hold the coalition together. If he does not return to office by Oct. 5, when the budget will be presented in Parliament, the coalition is likely to collapse.

"He's like the glue in the government," said Kjetil Houg, an economist at ABN-AMRO in Oslo.

In the meantime, Mr. Bondevik is resting at an undisclosed location. "He's been walking around in the woods, relaxing, sleeping," said his spokesman, Oivind Ostand. For most Norwegians, that's explanation enough for the time being.

"The prime minister has been an honest man and called a spade a spade," said Einar Kringlen, professor of psychiatry at the University of Oslo. "As a psychiatrist, I find that very valuable."

Russians Brace for Lean Times as Food and Goods Vanish From Shops

By Michael Wines
New York Times Service

MOSCOW — The wasting disease ravaging the ruble and Russian banks has begun to infect everyday commerce in shops and groceries, with unsettling implications — not just for ordinary citizens but also for the government, which rises and falls on their trust.

From personal visits, interviews and anecdotal reports on the Internet and in newspapers, it is apparent that many food markets and hard-goods stores are running out of popular items, from rice to television sets.

Moreover, retailers are finding it increasingly hard to replenish inventories.

The potential for far worse shortages exists. Government and private analysts said Thursday that grain harvests are running 30 percent below last year's, that meat and cooking oil supplies are dwindling and that potatoes — the bedrock of the Russian diet — have been devastated by hard rains.

That does not add up to a winter of starvation, the Russian Institute of Agrarian and Market Studies told the Interfax news service. But it does signal that food shortages may become a national problem at a time when dissatisfaction is already at fever pitch.

For the moment, the shortages are less a problem than an annoyance. Moscow still bustles; an enormous fleet of Mercedes clogs streets and new strings of flashing lights celebrate the city's 851st anniversary. To a casual visitor, many store shelves seem full.

But the edgy feeling of uncertainty that permeates the city is easy to confirm on closer inspection.

The seemingly bulging shelves hold no butter or rice and fewer soft drinks and snack foods — panic buyers have snapped them up.

Electronics stores are selling floor models of televisions because their back rooms are depleted.

"People get their salaries and they want to spend it on something before it loses its value," one distributor said. "So they put it into a product they can use later."

The variety of other goods, from soups to diapers, is dwindling as popular brands are bought out. What is left are mostly Russian brands of lower quality and price.

In St. Petersburg, a meat importer, Alexei Ivanov, said that demand for Russia's scrawny, softball-sized chickens was mushrooming.

On the Internet late Thursday, one plaintive Moscow resident begged for help in finding bagged materials to line her cat's box, saying she had canvassed about 10 stores only to find that importers were not restocking Moscow retailers.

"I don't know if Kesha the cat can hold off much longer," she typed.

Such shortfalls are largely due to the out-of-control spin of the ruble. Its value has shriveled to a bit more than 5 cents from nearly 16 cents in mid-August, including a fall of some 50 percent this week alone.

Having toppled the prime minister and wrecked the banking system, the ruble's plummet is now inflicting a triple whammy on commerce.

The prices of imported items, and Russian items with imported components, are skyrocketing. Foreign companies, which supply an amazing share of Russia's food and dry goods, are refusing to let Russian enterprises buy on credit because they fear the ruble's value will have fallen so far by the time bills come due that customers will be unable to pay them.

Andrei Kushnerenko of the Ministry for Foreign Economic Relations and Trade told Interfax that Moscow food processors buy 85 percent to 90 percent of their raw materials abroad.

And Russian consumers, who see prices rising and goods vanishing as retailers fail to replenish their stocks, have begun hoarding both imported and domestic products. Thus do shelves become even thinner.

"Buckwheat. Millet. Rice. Macaroni. Sugar. Salt. Flour," said a clerk at the Grocery Store — most Russian markets still carry generic names like "Grocery Store" and "Department Store" — as she ticked off a list of sold-out items Thursday evening.

As this particularly disheveled city-center market, the price of canned peas had risen to 8.1 rubles from 6 in two days, a kilogram of nectarines to 33 rubles from 17 and cauliflower to 20.7 rubles from 17.1.

"What's to be done?" the clerk asked. "People have to eat." So quickly do prices change that a variety of merchants — wholesalers, distributors, even some restaurants and cafes — no longer bother to price their goods in rubles, but in "unit equivalents," a gray-market tender that magically floats each day to correspond with the number of rubles needed to buy a dollar — if, in fact, any dollars were available to buy.

Michael Harman, financial manager of the Cherkizovsky Meat Processing Factory here, said he pays in rubles for sausage casings from a manufacturer in the Don River valley 440 kilometers (275 miles) south of Moscow.

Because imported materials are used to make the casings, he said, their price must float to account for the changing cost of the raw materials.

One problem is that importers demand payment in foreign currencies, often dollars, and foreign currencies are next to impossible to obtain.

For example, consider the plight of Monolit, a St. Petersburg importer of Spanish foods. It holds an investment of some $150,000 worth of food — olive oil, canned fish and so on — delivered before the full force of the current crisis hit.

Were the company to actually sell the products, the devalued rubles it would collect might now cover half the purchase cost.

But in any case, Monolit could not pay: the Spanish do not want rubles, and the government so far is not converting rubles into more stable currencies.

"The system has almost collapsed," said Artiom Kolobanov, general director of the company. "I hope there are smart people in the country who can stop this chaos. If this entire structure collapses, it will take a long time to restore it. If the problem is not solved in the next two or three weeks, the collapse of the ruble will continue."

In Moscow, where the city government has some influence over food distribution, many major distributors and wholesalers are rationing deliveries, Mr. Harman said.

His meat-processing company has shifted much of its distribution from rural areas to Moscow, where the demand is greatest, and could continue selling for some six weeks more under the current conditions.

RUSSIA: *Yeltsin Seeks Talks*

Continued from Page 1

The acting prime minister then proposed a two-pronged program. In the first stage, he proposed a "controlled emission," or printing of money, to pay off the huge web of debts to pensioners, coal miners, and companies.

He did not say how much but made clear that the government would pump subsidies into the banks and make special efforts to support exporters, which are dominated by natural resource industries.

Mr. Chernomyrdin said the first stage would also involve linking the ruble to an expanded amount of gold and foreign currency reserves at the central bank.

The government would let the exchange rate of the ruble float freely, he said. The proposal sounded similar to that of a so-called currency board, which in the past, in other countries, has involved linking the national currency tightly to the dollar and other foreign currencies.

The second phase, Mr. Chernomyrdin said, would be to tighten the screws on inefficient factories and businesses.

"This effectively means that from January 1, 1999, the state is going over to economic dictatorship," he said. The times when enterprises could get away with not paying what they owed "will come to an end," he declared, adding that the government would seize the assets of persistent tax defaulters.

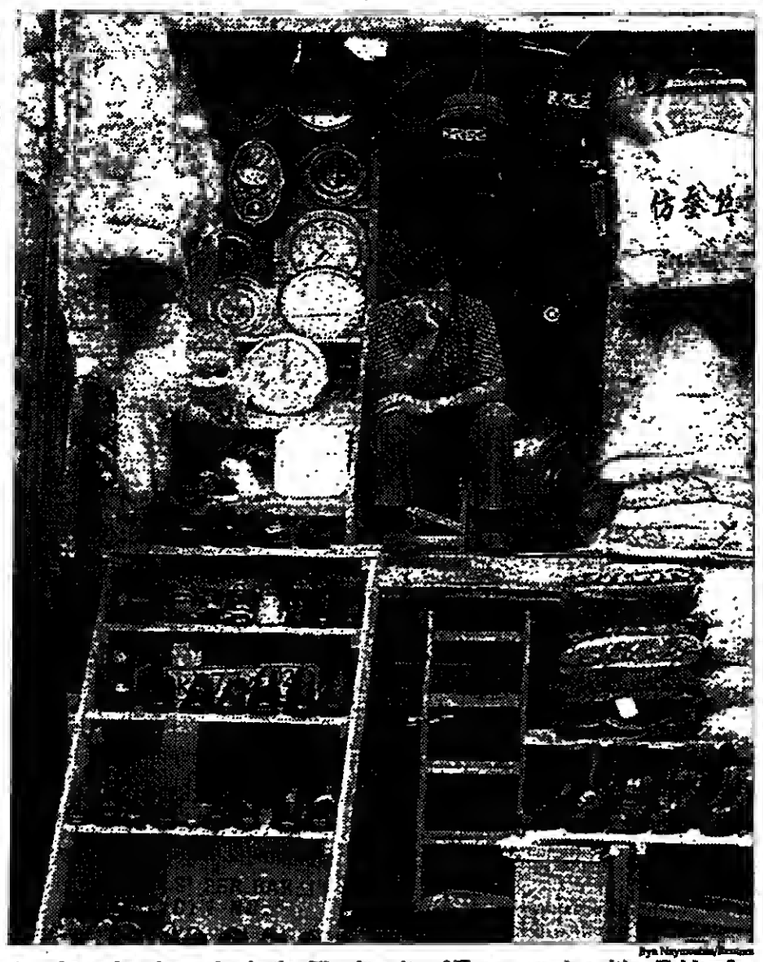
Mr. Chernomyrdin called for a "perceptible reduction" in tax rates, an across-the-board 20 percent personal income tax and a single land tax.

Mr. Chernomyrdin, criticized for his performance as prime minister from 1992 until he was removed in March, appeared twice in the upper chamber of Parliament.

"Whether or not people are listening to our clever speeches," he said, "they are stocking up on cereals, salt, matches and sugar. Doesn't this remind all of you present in this hall of something? I think people of my generation need no further explanation. These memories are frightening ones.

"One can beat the government time and time again," he said, "and, excuse the phrase, smash our faces on the table and engage in endless waffling, but how can one possibly paralyze the executive power in the state at a moment like this? Is this a joke?"

Mr. Chernomyrdin's prospects for approval appeared to improve Friday when Mr. Yeltsin made two overtures to the State Duma, which is dominated by Communists and nationalists. Mr. Yeltsin said he would be willing to hold a "roundtable" meeting with the Communists on Monday, and he sent legislation that would give the Duma confirmation power over some government ministers.



An odd-and-ends vendor in the Siberian city of Krasnoyarsk waiting Friday for buyers. In most cities, people were rushing to spend their rubles. But others have not been paid for several months, and thus they have no rubles.

NATO: *Russia Tie Flounders*

Continued from Page 1

and rescue some 250,000 ethnic Albanian refugees driven from their homes by Serbian security forces.

Western diplomats said the six-nation Contact Group, which guides Balkan strategy among Russia, the United States and four major European powers, nearly fell apart after an acrimonious 12-hour meeting in Bonn two months ago when Moscow refused to countenance tougher sanctions, let alone military action, against Serbia.

The group has not met since then, even as the Kosovo crisis has deteriorated and a humanitarian disaster looms with the approach of winter.

In Cyprus, Russia is still planning to deliver S-300 anti-aircraft missiles by November to the Greek Cypriot government, a move that Turkey warns could trigger war in the Mediterranean.

Moscow has stymied UN inspections of chemical and biological weapons facilities in Iraq and has balked at giving firm assurances it will refrain from supplying nuclear technology aid to Iran.

U.S. officials said all of these subjects were broached at the presidential summit meeting this week in Moscow between Bill Clinton and Boris Yeltsin.

At NATO headquarters, the mood is equally gloomy about building on early hopes for a new security partnership with Moscow. Alliance diplomats say Russia's chief delegate, Sergei Kislyak, is kept on such a tight leash by Mr. Primakov that any substantive dialogue has proved impossible.

Russian diplomats insist that NATO has not lived up to its side of the bargain as stipulated in the council's founding act. They claim that whenever they ask details about alliance plans for military infrastructure and troop stationing on the territory of new eastern members, they are rebuffed with the excuse that NATO cannot discuss any security matters over the heads of Poles, Czechs and Hungarians.

On the military side, the Russians have displayed a keen interest in arms cooperation and joint exercises.

At a recent NATO seminar, General Vladimir Manilov, first deputy chief of the Russian general staff, all but acknowledged that his government's goal was to disrupt any NATO activities it found inimical to its interests.

He said Moscow grudgingly accepted to join the council with the understanding it could wield substantial influence over all forms of NATO business — a view in sharp contradiction to Secretary of State Madeleine Albright's insistence that Russia would only have "a voice, not a veto."

CRITIC: *Democratic Senator Leads a Harsh Rebuke of President*

Continued from Page 1

our constitutional duties," he said.

Some supporters of the president sought refuge in the fact that Mr. Lieberman's uncompromising critique of the president's actions stopped short of calling for immediate action by Congress to censure or reprimand Mr. Clinton. But other Democrats said the White House should take no comfort from what happened.

"I don't think the water's going to come rushing out of the dam, but I think Lieberman said what a significant number of Democratic senators believe should be said," one Democratic strategist said.

Speaking of Mr. Lieberman, the strategist added, "I think he threaded the needle pretty well. He's clear on the potential harm that could come out of this, but also the potential for the president to make it better."

Some congressional Democrats and administration officials had sought to persuade Mr. Lieberman not to deliver his speech before the president left Russia.

Many were worried that a Lieberman call for censure — which was widely rumored to be where he was heading earlier in the week — would create divisions within the party that would enhance Republican chances to gain seats in the November elections.

Reaction from the White House was muted.

"The president has great respect for Senator Lieberman because of the key role he has played in the president's accomplishments on behalf of the American people," a deputy White House press secretary, Barry Toiv, said. "It's always hardest to hear criticism from a friend, but I am sure the president will consider Senator Lieberman's words with the same care with which they were delivered."

The leader of the Republicans in the Senate, Trent Lott of Mississippi, joined Mr. Kerrey and Mr. Moynihan in praising Mr. Lieberman and tried to reassure his colleagues that he would resist partisanship in dealing with Mr. Starr's report.

"I'm sure that we'll find a way to rise above petty politics and do the right thing," Mr. Lott said.

No one is certain when Mr. Starr's report will reach Capitol Hill, but Republican leaders in the House continued preparations for handling it once it arrives. The chairman of the House Rules Committee, Gerald Solomon of New York, said in an interview that he and the chairman of the House Judiciary Committee, Henry Hyde of Illinois, were finishing work on a resolution specifying how the report would be handled.

Under the terms of the resolution, the report would be sent immediately to the Judiciary Committee, but an executive summary of Mr. Starr's findings would be made available to all members and to the public.

Mr. Lieberman's words on the Senate floor carried additional weight in part because of his long political relationship with Mr. Clinton — even though Mr. Lieberman has sometimes broken with the president on foreign policy and cultural issues.

Both men have been chairmen of the Democratic Leadership Council. They worked together to fashion a "New Democratic" agenda to make the party more appealing to middle-class voters.

The senator said he was disappointed and angry immediately after Mr. Clinton's address to the nation Aug. 17. He said those personal feelings had since given way to "a larger, graver sense of loss for our country, a reckoning of the damage that the president's conduct has done to the proud legacy of his presidency and ultimately an accounting of the impact of his actions on our democracy and its moral foundations."

Mr. Lieberman also said the president's televised speech fell far short of what was required.

Mr. Clinton, he said, "clearly failed" to demonstrate that he "recognized how significant and consequential his wrongdoing was and how bad he felt about it" and how much it had diminished his office. While Mr. Clinton attempted to shift some of the blame to Mr. Starr and others, Mr. Lieberman said, "his presidency would not be imperiled if it had not been for the behavior he himself described as wrong and inappropriate."

Mr. Lieberman acknowledged how much Americans wanted to have the whole investigation over, but he added, "The transgressions the president has admitted to are too consequential for us to walk away and leave the impression" that Mr. Clinton's behavior was acceptable.

"It is wrong and unacceptable and should be followed by some measure of public rebuke and accountability," he said.

Joseph Lieberman of Connecticut rebuking President Bill Clinton as "immoral" and "disgraceful" on the floor of the U.S. Senate on Friday.

CLINTON: *For the First Time, 'I'm Sorry'*

Continued from Page 1

apology since his address.

"He believes that's what he has been saying all along, and that 'I'm sorry' means 'I'm sorry,'" Mr. McCurry said.

On Friday, Mr. Clinton used the plain language of apology twice.

"Basically, I agree with what he said," Mr. Clinton said of Mr. Lieberman. "I've already said that. I made a bad mistake. It's indefensible, and I'm sorry about it."

It was the second time during his current international trip that Mr. Clinton has had to address the scandal.

At a news conference with President Boris Yeltsin on Wednesday in Moscow, Mr. Clinton for the first time said publicly that he had made a mistake by having a sexual relationship with the former White House intern. He was also more direct than before in admitting that he had sought forgiveness.

"I have acknowledged that I made a mistake, said that I regretted it, asked to be forgiven, spent a lot of very valuable time with my family in the last couple of weeks and said I was going back to work," Mr. Clinton said.

Asked Friday in Dublin about talk among some members of Congress that he ought to be formally censured, Mr. Clinton appeared to grow testy.

"I shouldn't be commenting on that while I'm here on this trip," he said.

"My understanding is that that was not a decision that was made or advocated clearly yesterday" on the Senate floor.

"If that's not an issue, I don't want to make it one, one way or the other."

(AP, Reuters, AFP)

EDITORIALS/OPINION

Herald INTERNATIONAL Tribune
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Out of Touch

The U.S. and Russian presidents tried to coovey an impression of business as usual in their Moscow summit meeting this past week. They signed a couple of minor arms cootrol agreements. They talked about Kosovo and Iraq and NATO. They pledged (in President Boris Yeltsin's case) fidelity to economic reform and promised (in President Bill Clinton's case) support if such reforms continue.

But their show did not fool anyone. Russia has fallen into crisis. The state is in no shape to implement any arms control agreements. There is no working government. The ruble has lost half its value in recent days and the stock market virtually all its value. Just as in the crisis days of early 1992, Russians are hoarding dollars and stockpiling staples. But there is a key difference: Terms such as "market reform" and "democratization" are far more discredited now, linked in most people's minds with theft and corruption on a breathtaking scale.

Mr. Yeltsin seemed the more out of touch of the two leaders. He claimed, improbably and without foundation, "We have now adopted a program of stabilization measures." He refused to discuss his nation's political crisis.

Mr. Clinton, on the other hand, acknowledged at least in part the seriousness of Russia's dilemma. He correctly warned against inflationary monetary policies, bailouts for "a privileged few" and inequitable treatment of creditors. Yet, in describing "a light at the end of this tunnel" that Russia could reach "quickly" if Parliament passed the needed laws, Mr. Clinton also seemed to underestimate the depth of Russia's crisis.

Mr. Clinton was not wrong to go to Moscow. The U.S.-Russia relationship remains critical. That Russia has remained within its constitutional framework thus far in this crisis provides some comfort. But no one should be misled about the dangers that lie ahead. There are as many explanations as there are Russia experts of what went wrong in Moscow. But when it comes to prescriptions for setting things right, neither Russians oor outsiders now seem to have much of an idea.

—THE WASHINGTON POST.

Reno Gets Moving

Attorney General Janet Reno is belatedly becoming more curious about the fund-raising abuses in President Bill Clinton's re-election operation. This past week Ms. Reno let it be known that she might ask for an independent counsel to examine the costly television "issue" ads directed by Mr. Clinton, and paid for by the Democrats' "soft money" war chest, in a brazen effort to avoid federal contribution and spending limits on his 1996 campaign.

Whether Ms. Reno is seeing the light, as her people say, or feeling the heat from Congress, as we suspect, she is moving in the right direction. But she should get on with appointing an independent prosecutor to investigate all potential abuses, not just the limited range she has in mind.

Ms. Reno's latest action in ordering a preliminary review of the television ads, disclosed initially by The Wall Street Journal and The Washington Post, is said to have been based on an audit the Justice Department subpoenaed from the Federal Election Commission.

More likely, in our view, Ms. Reno was feeling pressure from the Senate and House Judiciary committees, which also this past week got a look at redacted versions of the internal memos from FBI Director Louis Freeh and Charles La Bella, the former chief prosecutor for campaign finance, advising her to step aside in favor of a prosecutor oot beholden to the president.

Some reports have suggested that Ms. Reno would ask for a prosecutor to look into the ads, paid for with unregulated soft money, in the campaigns of both Mr. Clinton and the 1996 Republican nominee, Bob Dole. That would be an excellent move bound to have broad political repercussions. Both the Republican and Democratic campaigns for the House and Senate are starting to run another round of expensive ads, once again paid for by soft money raised from special interests.

Launching an investigation into this practice would warn both parties that they may be violating the law if they let these ads proceed outside strict federal limits. It also might prod the Senate to follow the House and pass legislation banning soft money altogether.

For nearly two years Ms. Reno has blocked an unrestricted investigation into one of the most corrupt election campaigns in modern history. Recently she began reconsidering on the narrow question of whether former White House chief of staff Harold M. Ickes and Vice President Al Gore may have lied about their own campaign practices. But there is no need for more dithering. The attorney general should combine all the campaign issues, including such excesses as the Democrats' harvesting of millions of dollars in foreign money, possibly in retrn for favors to China, under the jurisdiction of one independent investigator.

Ms. Reno should stop stonewalling and try to salvage her own reputatioo and that of the Justice Department.

—THE NEW YORK TIMES.

Gulf War Syndrome?

Veterans of the Gulf War have complained for years of a cluster of ill-defined and often unexplained ailments they think are related to their service. Many believe that their wide-ranging symptoms can be explained only by some hitherto undisclosed exposure to chemical weapons. But the symptoms attributed to "Gulf War Syndrome" have varied too widely to group into a recognized disease or to explain in terms of any known medical mechanism — even, scienoists admit, by exposure to any of the curreotly understood types of nerve gas. A report issued by the Senate Veterans Affairs Committee — which has lobbied hard in support of veterans' claims — puts any medical explanation of this type even farther out of reach by concluding that no evidence exists that any such large-scale exposure even occurred.

Specifically, the report says that "there is insufficient evidence at this time to prove or disprove that there was an actual low-level exposure of any troops to chemical weapon nerve agents or that any of the health effects some veterans are experiencing were caused by such exposure."

The committee's chairman, Arlen Specter, and the ranking minority member, Jay Rockefeller, portray this less as a conelusion about Gulf War Syndrome than as a basis for further and sharper criticism of Pentagon behavior and record-keeping in the Gulf War and of military preparedness co chemical exposure generally. Both said that they still personally believe chemical exposure took place but that the handling of military health records and information about toxins was so bad that it would be impossible to document troops' exposure even if it had happened.

There are legitimate grounds for this harsh critique. The veterans' treatment, both medical and political, has been marked by a frustrating combination of bad science and bad faith. The Pentagon insisted for years that no chemical exposure could possibly have taken place, but was forced to admit in 1996 that it had covered up documents and knowledge of incidents that could have brought soldiers into cootact with toxins.

But assertions about Gulf War Syndrome bave meanwhile been highly irresponsible. No study has shown that a single definable "syndrome" exists, that any known mechanism could cause the many symptoms veterans have reported or even — though here studies differ — that Gulf War veterans develop ailments such as joint pain or depression at higher rates than their contemporaries who did not serve. It is this fogginess of diagnosis as much as military foot-dragging that has kept veterans from getting care on the basis of service-related injuries.

The report calls for veterans to be given a "presumption" of service-related injury for a wide range of ailments. Though an expensive proposition, this might be the right move after so mnch bad handling. But the history should not overshadow the report's admission: that a central assumption advanced for the elassification of "Gulf War Syndrome" as an action-related casualty cannot be proved.

—THE WASHINGTON POST.

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In Russia, the Liberal Western Model Has Failed

By Martin Malia

PARIS — The only certainty in Russia's present crisis is that it marks the end of an era — the Yeltsin years for sure and quite probably the end of the theory, widely trumpeted just a decade ago, that market democracy has triumphed as a universal ideal.

In 1991, it was elear that communism in Russia was going to collapse. And there seemed to be little debate that Russia and all post-Communist states would follow the Western norms in some form. But now it is impossible to foresee the shape of a post-Yeltsin Russia.

Why? Let's look at our three previous models for understanding post-Communist Russia, all of which are now being trotted out to fix blame for the crisis and to propose remedies.

The first model, market democracy, has been advocated by the Clinton administration and the International Monetary Fund with the support of all Western European governments.

Namely, "reform" means a transition to market democracy through price liberalization, privatization and a stable ruble. In due course these policies, their advocates predicted, would restructure Russia along Western lines.

President Boris Yeltsin, for all his faults, was deemed indispensable to this policy, for he alone could defend reformers against the forces of resurgent nationalism and neo-communism.

Yet Russia's liberal experiment has oow collapsed in a spectacular and completely unexpected fashion, leaving the country both bankrupt and without a government — in a sense, in worse straits than after communism's collapse.

These events have given greater credibility to the second model, one that embraces a market economy with a welfare state more expansive than any in the West. Supporters of this model have long charged that a quick turn to a strict market economy was inappropriate to both Russian national tradition and post-Communist conditions.

Forcing Russia into a market economy, in this view, was to turn over, at fire-sale prices, the natioo's industries and natural resources to the old nomenklatura and to new robber barons, while dilapidating the savings and pensions of vulnerable citizens, especially the elderly. Within Russia, Grigori Yavlinsky, who heads the political party Yabloko, has been the most prominent exponent of this position, and in the West it has been propounded by progressives distressed by the Reagan-Thatcher revolution.

The second model, however, has never been tried in pure form. In the mid-1990s, voters in Poland and Hungary, hurting from the turn to a new liberal economy, returned Communists to leadership. Adam Michnik, a leader in Poland's Solidarity party, called the elections a "velvet restoration."

The Communists added an affordable safety net to the prosperity generated by Poland's liberal "shock therapy" of 1990, the first cold-turkey transition to capitalism, which was highly successful. In other words, the second model could work only if economic liberalization had already generated the needed money.

A third model, advanced especially in Socialist and academic quarters, is more radical than the second. According to this theory, Mikhail Gorbachev had already made the transition from Stalinist communism to a market social democracy. Real reform, therefore, should have continued on that course until "Socialism with a human face" was reached at last.

In this perspective, Mr. Yeltsin was a spoiler who turned to unbridled capitalism and ruined the country. This model is a fantasy whose time has passed: The Hungarian and East German Communist regimes tried it in 1989 and 1990, and it led to their demise.

In retrospect, it is clear that the debate among these three models has been as much a contest between competing Western economic and social ideologies as a debate about Russian problems — just as the debate about communism between Western hawks and doves was always in part a debate about how far to the right or left Western societies themselves should move.

In practice, however, the liberal West could support only a liberal market democracy for Russia. Now that this course has collapsed we are left with no effective model for making sense of Russia's predicament.

Still, at first it seemed as if the liberal model might work for Russia, which did try to make a real transition to a privatized economy, however diluted by barter and riddled with corruption. At the same time, freedom of expression and elections, however manipulated by the business oligarchy, have been accepted as the norm. And the younger generation of Russians, in the cities if not in the countryside, has become genuinely attached to these principles.

So what might emerge from Russia's rubble? There will certainly be a significant swing away from free markets to a statist economy.

Moreover, the 20th-century record overall is clear: In the long run there does exist a distinct correlation between free markets and free politics.

So why did the Yeltsin-IMF course end in the present debacle? Why was the Yeltsin regime unable to collect taxes, to pay wages, to regulate its banks and to finance its debt? Surely this was not the result of faulty fiscal and monetary policy alone. The deeper reason is the legacy of the leviathan Soviet state, which when it collapsed left behind only administrative and economic rubble, devoid of the judicial, accounting and police procedures necessary for a modern society — an institutional abyss not present in Eastern Europe when it made its transition to a market economy.

This heritage along with a sporadically doctrinaire liberalism produced the collapse of the Yeltsin experiment. The crisis in Asia only provided the final shove.

So what might emerge from Russia's rubble? There will certainly be a significant swing away from free markets to a statist economy — not a complete return to communism but something more radical than the "velvet restoration" of Eastern Europe. And this new course will last a long time, perhaps for years.

In embarking on this orientation, the Communists, as the main organized anti-liberal force, elearly hold the strongest hand. Even the business oligarchy, terrified by the militant liberalism of now former Prime Minister Sergei Kiriyenko and company, has abandoned the Yeltsin experiment. So, seven years after the now-ailing president banned the old Communist Party of the Soviet Union, the new Communist Party feels poised for a oot-so-velvet comeback.

Unfortunately there is no realistic alternative. The liberal Western model has failed — maybe not because of its inherent flaws, but to most Russians that does not matter. The post-Communist experiment has failed nevertheless. And after a somber, low-key summit meeting, it is clear that a devalued American president and a defeated Russian president can hardly stem this tide.

The writer is professor emeritus of Russian history at the University of California, Berkeley, and the author of "The Soviet Tragedy: A History of Socialism in Russia, 1917-1991." He contributed this comment to The New York Times.

Now's a Good Time for U.S. to Work on Ties With Iran

By Jim Hoagland

WASHINGTON — Chocolate cakes, anti-tank missiles and buttery words of praise were deployed by successive U.S. administrations to improve relations with Iran, to no avail. Now, fear and enmity may be succeeding where coaxing and offers of friendship fizzled.

Iranian hostility currently focuses not on a distant Great Satan but on a troubling neighbor, Afghanistan, the object of menacing Iranian troop maneuvers this past week. Tehran is demanding the release of Iranian diplomats held hostage in Kabul (ah, delicious irony).

With Russia, Iran also strongly opposes Afghan-based raids into oeighboring Central Asian territories.

Washington and Tehran find common cause in opposing the Taleban movement that rules most of Afghanistan: Two and a half weeks ago the Pentagon smashed scores of cruise missiles into Afghanistan in search of cave-dwelling terrorists harbored by the Taleban.

The specter of a common enemy is one of two developments this summer that give the Clinton administration room to maneuver in its long-shot attempt to work out a better relationship with Iran.

The other has been the surprising sound of silence from the Republican side of the aisle as President Bill Clinton and Secretary of State Madeleine Albright have maneuvered toward rapprochement with at least some of the ayatollahs in Tehran.

The most notable absentee in coming after the administration with hammer and tongs is Senator Alfonse D'Amato. Last winter, as the Clinton administration began considering easing up on Iran — a special target of Mr. D'Amato's ire and legislation — officials feared an explosion by the pugnacious New York Republican.

But in May, after long delay and much agonizing, Mr. Clinton announced he would waive economic sanctions against French and Russian companies doing business with Iran. Nothing happened, even though Mr. Clinton had effectively gutted legislation co-sponsored by Mr. D'Amato calling for such sanctions.

The administration feared the Republicans would move to squeeze Iran and take away the president's power to waive sanctions. But the measured reactions by Mr. D'Amato and other Republicans encouraged the State Department to proceed with the quiet review already under way on Iran policy.

From that review came a bold public overture by Mrs. Albright to President Mohammed Khatami for improved relations in a June speech.

Once again, administration policymakers, prepared for thunderbolts from Capitol Hill, heard only an agreeable calm.

Oddly enough, politics partly explain the quiescence. Mr. D'Amato, known as "Senator Pothole" for painstaking attention to constituents, is concentrating on New York issues as he seeks re-election. On the stump he is the soul of conciliation, oot hot-button pushing.

Vote-seeking and diplomacy are often seen at the State Department as the cat and dog of politics: Candidates can undermine delicately crafted foreign policy strategies with blatant appeals to ethnic blocs or destructive demonizing of unpopular regimes abroad. But after this summer, Foggy Bottom probably wishes the New York Republican had to run every year.

There is also a strategic underpinning to the changed atmosphere on Iran. Mr. Khatami's electoral victory last year over harder-line ayatollahs and his liberalization efforts — which have provoked a serious power struggle in Iran — appear to have made an impression on Capitol Hill.

The disclosures in July of Iran's test of medium-range missiles did not cause the administration to back away from its oew policy.

While not welcome, the tests were seen in Washington as predictable and inevitable.

"The shah had his version of these programs when he ruled Iran," said one U.S. policymaker. "Whoever is in power in Tehran will set out to dominate a very tough neighborhood. Our policies cannot convince them to do otherwise. What our policies can do is to slow and inhibit their efforts and make clear the price they pay for threatening our interests, when they do."

At the heart of the State Department reassessment is the judgment that Mr. Khatami and his closest associates have had nothing to do with Iranian state-sponsored terrorism, in contrast to Mr. Khatami's predecessor, Hashemi Rafsanjani.

"It is impossible to say we know Khatami is completely clean," said a U.S. official with access to sensitive intelligence. "But we don't find his fingerprints where we found Rafsanjani's."

Thus far that judgment appears to hold for the terror bombings in Nairobi and Dar es Salaam, where Iranian involvement has oot been alleged. As long as Iran eschews terrorism, the Clinton administration should pursue its opening to Tehran, and critics should continue to give it a chance to fly or crash.

The Washington Post.

Milosevic Shows His True Colors on Education Accord

By Anna Husarska

PRISTINA, Yugoslavia — Those who harbor hopes that President Slobodan Milosevic of Yugoslavia will honor any agreement that might result from the current "shuttle diplomacy" of the U.S. ambassador Christopher Hill would do well to examine the events surrounding the so-called education accord.

That agreement, signed by Mr. Milosevic when he was president of Serbia and by the ethnic Albanian leader Ibrahim Rugova in September 1996, was hailed as the start of a new era in Serbian relations with the Albanians of Kosovo.

Events since then, however, have provided clear and compelling evidence that Mr. Milosevic has no intention of keeping his word, even when doing so might benefit his countrymen.

In October 1996, university students in Kosovo started classes the way they had for the previous seven years — Serbs in university buildings, Albanians in homes, garages and basements.

Throughout the academic year people wondered when the education accord would be implemented. Some even dared to wonder if it would ever be implemented. Maybe, they thought, the plan was just a trick to keep Mr. Milosevic and Mr. Rugova in their positions.

Skeptics suggested that Mr. Milosevic had signed the accord assuming that the Americans would be duped and would thus lift the "outer wall" of sanctions against Yugoslavia

The 1996-1997 academic year came and went with no change. Enter the Sant' Egidio Community, a Catholic group from Rome, to try to mediate an implementation agreement. Also enter the Independent Union of Students of the University of Pristina (Albanian), which was determined to bring public pressure on both the Serbian government and the Albanian leadership to regain access to the university buildings, which had been built with their parents' and grandparents' taxes during the years of autonomy.

In 1997, the students planned a peaceful demonstration in downtown Pristina for Oct. 1, the traditional first day of university classes. When these plans were made public, the student leaders received visits from every diplomat with Kosovo in his or her portfolio.

The diplomats stressed that, while the students certainly had the right to demonstrate peacefully, it might be advisable to postpone the demonstration for a while so as not to disturb the delicate negotiations over the education accord — and so as not to provoke the Serbian police.

No dice. The students proceeded as planned, even against the wishes of Mr. Rugova. The date of Oct. 1, 1997, marked a sea change in Kosovo politics. The students demonstrated peacefully. The police reacted, or rather overreacted, violently, with beatings, arrests and tear gas — lots and lots of tear gas. What the diplomats had feared had happened.

But after the smoke and gas had cleared, it was obvious that the mood of the Albanians had changed dramatically. The barrier of fear had been lowered.

When, by late October, there was still no progress on the educational accord, the students protested again, then again at Christmas.

By this time the Kosovo Liberation Army, which had been an underground, mythical organization, was rearing its ugly head and carrying out a campaign of violence against the Serbian "oppressors." The students, though, maintained their peaceful goals and methods, perhaps believing the assurances of the international community that there would soon be an implementation agreement.

Then in March came the violence in Drenica, where many Albanians, including women and children, were killed by Serbian police. As the situation became more and more tense, the international community searched desperately for some indication that things could be solved peacefully — for an alternative to NATO military intervention.

Then, on March 22, 1998 — 18 months after the original pact was reached — an implementation agreement on the education act was signed. Finally there was concrete proof that solutions could be reached through negotiations, even in Kosovo. Or so it seemed.

The first stage of implementation went as planned. The Serbs handed over the building of the Institute of Albanology, gutted and in terrible condition after years of neglect. But they handed it over. The next stage was to be the handover of the technical faculties building, the newest on campus. But Serbian students took it over, insisting they would never give buildings to Albanians, or go to classes with them.

The government allowed this to continue for a few days before the police expelled the Serbian students from the building — but not before they had emptied it of all classroom and lab equipment and removed even the electrical outlets. The plumbing and telephone wiring were completely destroyed.

Next month, Serbian students will begin classes in the university buildings and Albanian students will begin classes in two empty shells and in the same houses, garages and basements as before.

When the implementation agreement was signed in March, many diplomats and analysts said it was a final chance for Slobodan Milosevic to show that he could keep a promise — that surely he would not dare be caught once again in an open lie.

Western decision-makers continue to hold on to the idea that Yugoslavia is a real country, with a little police repression here and there, a little corruption now and then, but still a country where well-behaved citizens can lead normal lives in peace. They consistently underestimate Mr. Milosevic's ability to make fools of them again and again and again.

The writer, who heads the Kosovo project of the International Crisis Group, contributed this comment to the International Herald Tribune.

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IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: Soudan Victory

OMDURMAN, via Nasri — The supreme and greatest victory ever achieved by British arms in the Soudan has been won by the Sirdar's ever victorious forces, after one of the most picturesque battles of the century. The Khalifa attacked with the whole of his forces. The air was filled with shouts of "Allah!" as they advanced against the Sirdar's troops. It was a desperate fight for a time, but eventually discipline triumphed in brilliant fashion, and the Egyptian brigades may fairly be said to have won the honors of the day by their magnificent pluck.

1923: Town Gets a Gift

ALTENBURG — At least one German town is in a flourishing condition, thanks to a legacy of $10,000 from an "American aunt," which it is able to claim under the will of Mrs. Emily Marx, who emigrated from Altenburg to the United States and died there in 1913, leaving $50,000 to her native city. The war postponed a settlement of the estate, and American courts have reduced the amount to $10,000, but under present rates of exchange that represents a huge fortune.

1948: Movies at Home

HOLLYWOOD — In the fearsome world of today, you soon can buy a record that gives you Donald Duck in sound and color in your living room every night. This new invention may keep everybody out of motion-picture theaters. For the price of taking the family to a show for a year, the householder can have movies at home. This miracle is a record player that goes on display in department stores next month. You buy or rent a record, press one button and sit back for a short or full-length film.

ART

Fondation Cartier

Hubert Duprat gave larvae flecks of gold for cocoons.

Eden Re-created By Artists' Hands

A Paris Show Focuses on Nature

By Alan Riding
New York Times Service

PARIS — Ever since cave painters began sketching horses, bison, elephants and the like, artists have wrestled with the relationship between man and nature. Fast-forward 20,000 years to the rural and maritime landscapes and the still-life oils of the post-Renaissance, and the question remained unchanged. How should art respond to nature?

Understandably, the Cartier Foundation for Contemporary Art is not claiming to have found an original theme in its latest show, "Etre Nature," or "Being Nature," which runs in Paris through Sept. 20. But it has at least advanced the debate by gathering together works by a score of contemporary artists who find their inspiration in nature.

Fortunately, this is neither pastoral symphony nor environmental exposé. Rather, the artists have found myriad ways, both concrete and abstract, of linking nature to the human experience. And in the process, they offer a different take, at times even a trompe l'oeil, on both art and nature.

Perhaps the simplest exhibit, "Theatrum Botanicum," freqoently puzzles visitors to the Cartier Foundation's modern glass-and-steel building on Boulevard Raspail. It is almost a cultural diktat that French gardens be severely manicured. But when the center opened in 1994, the German artist Lothar Baumgarteo designed a sort of "anti-garden" full of weeds and wild flowers as his way of being truer to nature. Today, this permanent display seems to capture the spirit of "Etre Nature."

So is untouched nature already a form of art? The foundation's director, Herve Chandes, appears to believe so because the catalyst for this show was the opportunity to present for the first time hundreds of crawling and flying tropical insects from the collection of Anne and Jacques Kerchache. What makes them art and oot entomology is that they are oot identified and exist only for their stunning colors and shapes.

Some artists have simply transformed natural elements. Andy Galsworthy, an English sculptor, has created a sphere that resembles a giant tumbleweed from the fallen branches of an oak tree, while Wolfgang Laib from Germany has nsed yellow pollen to make a temporary floor painting. Another German, Olaf Nikolai, presents what he calls "biological sculptures" in the form of rocks covered with miniature vegetation accompanied by blow-up photographs that suggest the tiny plants are large trees. The American Peter Campus is showing black-and-white transparencies of rocks that, seen in a dark room against a black background, take on the appearance of asteroids.

Chandes said he was particularly struck by the photography of the 80-year-old Japanese artist Yukio Nakagawa, who has turned *ikebana*, the Japanese art of flower arrangement, into contemporary art.

Tim Hawkinson, a Los Angeles-based artist, has achieved a trompe l'oeil effect in a still more personal way. His exhibits include the tiny skeletoo of a hird, an egg and a feather, but in this case his own body has provided the raw material: the egg and the feather are made with the artist's hair, the bird skeleton with bits of his fingernails.

Frans Krajcberg, a Polish-born Brazilian sculptor, is the only exhibitor here to refer to man's abuse of nature. He does this through wooden sculptures of blackened trunks of trees resting on a bed of charcoal.

Giuseppe Penone, an Italian sculptor, is also interested in trunks and boughs of trees, but these he reproduces in glass and, in this case, has placed them amid the vegetation of Baumgarten's "anti-garden." The work of Tunga, a Brazilian artist who frequently gives strange forms to everyday objects, is represented here by a large viper made of braided, black electric wire.

TWO artists have brought art and nature together in a way guaranteed to appeal to visitors. In a work called "Le Pont" (1993-1995), which resembles a small glass-covered footbridge, the Paris-based Chinese artist Huang Yong Ping has juxtaposed 18th- and 19th-century Japanese bronzes of animals, snakes and dragons with live tortoises and snakes.

Still more fascinating is the work done by a French artist, Hubert Duprat, with the larvae of the caddis fly. These small wormlike life forms are aquatic and live in slender cocoons that they build out of threads, tiny twigs and sand. Since 1983, Duprat has been giving them flecks of gold, pearl and precious stone with which to make their cocoons. In the exhibition, a continuous film shows one worm busily at work in close-up.

Like any group show, "Etre Nature" can offer no single conclusion beyond the commonplace that, in face of the vastness of nature, artists can be little more than anecdotal. Yet, the inclusion of the Kerchache collection of tropical insects does at least propose that there is no line between art and nature. It is a view that the French anthropologist Claude Levi-Strauss would endorse. "A bird, a beetle, a butterfly," he once said, "call for the same rapt contemplation that we reserve for a Tintoretto or a Rembrandt."

Fondation Cartier

Tim Hawkinson's tiny skeleton of a bird.

Small Gems Left Behind as Market Sobers Up

By Souren Melikian
International Herald Tribune

LONDON — As the earthquake rumbles on in the world bourses, those involved in the art market as collectors, dealers or bankers anxiously look for signs of what the future holds.

There is little cause for concern in the upper strata. The art market enjoys an advantage that sets it apart from any other field of commercial activity — the finite nature of its supplies concerning the art of the past, even the recent past. However deep the world crisis may become, landscapes by Monet will not grow on trees.

The consequence is a rarity factor that can only intensify. As museums pull works out of the commercial circuit and as the number of participants in the art game keeps rising, the total of top-notch works available dwindles. The fundamental reasons that sent some Old Master pictures soaring to unheard-of prices in July remain unchanged by the crisis.

If a landscape painted by Jan Van Goyen in the 1630s elimbed to a world record £1.26 million ($2.07 million) on July 9 at Sotheby's, it is because works of this kind — admirably composed and bathed in a delicate late afternoon light — no longer turn up. This was truly a museum picture: It once belonged to the Philadelphia Museum of Art, which incomprehensively sold it off at auction on Feb. 29, 1956.

Christie's

A Japanese porcelain vase with lotus sprays and foliage.

None of that has been modified by the recent fall of the Dow Jones.

Nor has the splendor of the £881,500 ($1.4 million) Jan Van de Cappelle acquired by a European collector. The composition here, too, is unusual, the light remarkable. Its provenance from the Joseph Robinson collection, grandly displayed at the Royal Academy in 1958, cootinues to glamorize it in the eyes of the cognoscenti.

In a lower price bracket, the reasons that induced a European collector to go for a rare still life by the Haarlem artist Flores van Dijck to the tune of £221,500 would be as cogent today as they were on July 9. Van Dijck is one of the earliest Dutch still life painters. With his contemporary Nicolaes Gillis, he was one of the first two masters who made food oo a table a still life motif. This one, which shares common elements with another still life dated 1613, can be precisely placed in time. Those who are aware of the significance of such facts are highly informed people. Their level of sophistication and the time it has taken them to reach it, imply a dedication that guarantees continued fascination with their subject.

The risks are much greater concerning second- or third-rate works — which do not necessarily mean low-priced pictures. Hosts of mediocre landscapes by Monet, portraits of the red-faced Gabrielle by Renoir and spoofy Picassos by the master imitating his own style in schoolboyish fashion, have been selling for $1 million or more.

On the other hand, in Old Masters, small gems can still be bought for relatively little money by those who have the eyes to see them, and these should not be affected by the turmoil any more than the masterpieces with great names attached to them, because the rarity factor makes them as desirable now as they were then.

The same July 9 sale included, for example, an exquisite mountainous landscape that once belonged to Baron Heinrich Thyssen-Bornemisza and was then called a Paul Bril. It has since been demoted to the rank of work by Gillis Peeters. In July, the "Peeters" cost a mere £9,200. It is hard to imagine this picture selling for less.

Danger lurks where the rarity factor ceases to be at work. The first real test of the market at its lower end, which came on Thursday, gives some idea of the price adjustments that may yet be required. The subject was "Oriental Ceramics and Works of Art" and the setting, Christie's South Kensington, the outlet of Christie's for lesser wares. There, the Oriental Department sales of objects ranging from Archaic bronzes to Japanese prints, deftly steered by the head of the department, Nader Rasti, have been one of Christie's unsung success stories. No one has been as clever in handling the most modest bronzes, pottery vessels, wood blocks and the rest in an atmosphere refreshingly free of pretension.

This week, the outlook was less rosy. Suddenly, the failure rate, usually very low, was up — leaving 151 items ont of 378 unsold.

Looked at closely, however, this was not blind havoc. Among the obvious victims were objects sought after by Taiwan buyers until the beginning of the summer. A pale celadon jade cnp of the 17th century very much in the Taiwan taste would have easily made it then to its £300 to £400 estimate instead of falling unsold at £190. Similarly, the Ming bronzes would have mostly sold instead of mostly failing, one or two finding a niche far below the estimate — a 17th century vase of the *gu* type inspired by 10th to 9th century B.C. models and a low tripod incense burner of the 18th century were knocked down together at £110 (£129 with the sale eharge), far below the £250 to £400 estimate. A Japanese spherical incense burner with a powerful openwork geometrical pattern resting on three toads would without doubt have sold close enough to its £500 to £700 estimate. Instead, it was bought in at £380. And yet Taiwan was not out of the game.

WHEN a group of 13 jars in red brick earthenware painted in black with bold designs by the artists of a mysterious culture that thrived in Kansu in the 3d millennium B.C. came up, all but one were knocked down to a Taiwanese buyer within a £150 to £380 bracket.

Only when it came to the most important piece, superbly preserved and impressive for its geometric patterns, did the Taiwanese on the telepbone desist and leave the floor to a London dealer who got a museum piece for £1,265. Hoog Kong and Singapore were even more subdued than Taiwan. A famille rose baluster vase of the 19th century with scenes painted in reserve oo a floral ground would probably have gone to a buyer in one or the other of the two cities a few weeks ago. On Thursday, it failed to sell at £700.

It was Western buying that saved the day. A large 19th-century Chinese bronze vessel in the shape of a huge fruit resting on gnarled branches would havc appealed to Taiwan in earlier days. On Thursday, it was carried off by an Italian buyer for £1,380.

Japanese and Chinese ivories were briskly sought by London dealers and lacquer medicine boxes (*inros*) from 19th-century Japan similarly went to the London trade. Most tellingly, perhaps, two Japanese porcelain vases painted around 1900 in the gaudy colors that European taste demanded, sold well, thanks again to English dealers. One, signed with the mark Makuzu-gama Kozan-sei, decorated in very light relief with pink lotus sprays on a green ground, displays immense technical skill. It made £3,450. This is 25 percent under the low estimate, set at £4,000, betraying ambitions that were a bit wild.

The market, it would appear, is still alive but might be sobering up. If it stops there, no ooe would be sorry for a correction that was urgently oeeded.

Sotheby's

Works like Jan Van Goyen's "A Village on the Banks of a River" don't turn up very often.

NYSE

Friday's 4 P.M. Close

The 2,600 most traded stocks of the day.
Nationwide prices not reflecting late trades elsewhere.
The Associated Press.

A-B-C

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	Latest	Chge
32¾	21¼	AAR n	.34	1.5	18	254	22⅝	22⅛	22⅝	-⅛
37	24¹³⁄₁₆	ABM	.48	1.9	20	104	26	25½	25½	-⅛
27¹⁵⁄₁₆	18¾	ABN Am	.63e	2.9	—	451	22⅛	21⅛	21⁵⁄₁₆	-⅛
43	28¾	ACE Ltd s	.36	1.3	7	6028	30 d	26⅝	27⅝	-2⅛
11½	7¾	ACMIn	.90a	10.4	q	1178	8¾	8½	8⁹⁄₁₆	-⅛
8¾	7⅛	ACM Op	.63	8.5	q	209	7½	7⅜	7⅜	—
10¹⁵⁄₁₆	7½	ACM Sc	.90	11.8	q	1597	8⅛	0	8⁵⁄₁₆	+⅛
7⁷⁄₁₆	6⁹⁄₁₆	ACMSp	.54	8.6	q	405	6⅝	6⅜	6¼	-⅛
15	7¼	ACMMD	1.25a	15.3	q	499	9⁷⁄₁₆	8¼	8³⁄₁₆	-⅞
10⁹⁄₁₆	7⅛	ACM MI	.90a	10.4	q	506	d⅞	8⁹⁄₁₆	8⅝	+⅛
15⅛	13⅜	ACMMu	.87	6.4	q	265	13⅞	13½	17⅝	-⅛
29⅝	19⅞	ACNiels		—	26	848	21⅛	20¾	21⅛	+¼
27½	14⁹⁄₁₆	ACX Tech		—	16	139	16⅝	15⅝	16⅛	+⁹⁄₁₆
58	26½	AES Cp		—	20	78792	26⅜	d23	24⁵⁄₁₆	-2⅝
85⅛	46⅜	AES pfT	2.69	6.3	—	3267	46⅜	d40	43	-3⁷⁄₁₆
38¼	22⅝	AFLAC s	.26	.9	17	4980	28¾	27⅛	28⁵⁄₁₆	+⁹⁄₁₆
34⅝	8⁵⁄₁₆	AGCO	.04	.5	3	4584	8½	8⅜	8⁵⁄₁₆	+⅛
22½	17⅛	AGL Res	1.08	6.0	16	584	18⅛	d17⁹⁄₁₆	18⅛	-⅛
15¼	4⅛	AIM EEn a	4.16e	91.3	q	141	4⅝	4⁷⁄₁₆	4⅝	-⅛
17⁵⁄₁₆	5¼	AJL	1.44	24.5	—	443	5¹³⁄₁₆	5⅝	5⅞	+⅛
24	13⅜	AK Steel s	.80	5.5	7	731	14½	13¹⁵⁄₁₆	14⅝	+⅛
25⅞	32¼	AMB Pr n	1.37	5.9	—	348	23⅛	32	23⁵⁄₁₆	-⅛
31	10⅛	AMF n		—	88	1194	10⅝	10⁷⁄₁₆	10⁹⁄₁₆	+⅛
24⅝	19⅜	AMLI Rs	1.76	8.7	14	141	20⅛	19⅞	20⅛	+⅛
89⁵⁄₁₆	47¾	AMR s		—	7	18486	52 d	48⁹⁄₁₆	50	-⅜
19⅝	2⅞	APT Sat		—	—	171	3⅛	3⅜	3¼	+⅛
26¾	13⅛	ARM Fncl	.16	1.2	8	950	13⅝	d13⁹⁄₁₆	13⅜	-⅛
21½	13⅞	ASA Ltd	.80	4.1	g	2231	19⅝	17½	19½	+2⅛
68½	40⅝	AT&T	1.32	2.5	17	53614	53⅜	51⁵⁄₁₆	53⅝	+1⅛
35⅛	14⅝	AVX Cp	.26	1.8	11	994	14⅝	d14½	14⁹⁄₁₆	-⅛
71⅛	31⁹⁄₁₆	AXA UAP	.76e	1.6	—	1666	52½	48⅜	48⅝	-2⅝
18½	6½	Aames	.13	1.6	d	2213	8⅛	7⅛	7⅝	-⅛
24⅝	15⅛	AaronRnl	.04	.2	16	168	16⅜	16	16⅜	—
45⅛	28⅜	AbtLab s	.60	1.5	28	20976	40⅝	38⁹⁄₁₆	39⅝	-⅜
55½	21	AberFitch		—	49	2703	46⅛	44⅝	44⅝	—
16½	7⅛	Abitibi g	.40	—	—	907	9⅛	8⅝	9⅝	+⅛
9⅝	5⅛	AcadiaRlt	.80	14.1	dd	1090	5⅝	5⅜	5⅝	-⅛
28⅝	18⅝	Acptins		—	8	169	19⅛	d18½	18⅝	-½
38⅛	11⅝	AccuStff		—	13	7831	13⅝	13⅝	13⅝	-½

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	Latest	Chge
63	37⅛	DelphFn			8	648	42⅝	40⅝	41⅛	+⅛
54	27⅜	DelPhe s	.12	.2	cc	985	41⅝	40⅝	40⅝	+⅛
143⅝	91	DeltaAir	.20	.2	7	8036	96⅝	92⅞	93⅛	-1⅝
20⅝	7⁹⁄₁₆	DeltaFn		—	5	1154	7⅜	0 4	6⅛	-1⅛
6⅝	3⅝	DeltaW	.10	2.3	dd	104	4⅝	4⅛	4⅝	+⅛
33⅛	21⅛	DelTim	.25	1.2	22	146	21⅛	d20⅝	20⅝	-⅛
38⅝	27⅛	Deluxe	1.48	5.1	44	1233	29⅛	28⅛	28⅛	-⅛
37⅝	26⅜	Dept56		—	14	441	32⅛	31⅝	31½	-⅛
34⁵⁄₁₆	23⅛	Depuy	.12p	—	dd	463	34⅛	34⅛	34⅝	-⅛
9⁵⁄₁₆	3⅝	DeRigo				351	4	3⅛	3⅞	-⅛
43⅛	15⅝	DeutSA	.57e	4.4	—	1634	15⅝	012⅝	13	-2⅛
14	8⁵⁄₁₆	Dessauer	.19e	2.0	q	152	9⅛	9⅛	9⅛	-⅛
25⅛	17⅛	DetDiesl		—	12	217	17⅝	17⅝	17⅝	+⅛
31½	16⅛	DeutTel	.68e	2.4	—	9456	29⅛	28⅝	28½	—
21⅛	16¼	DevDv s	1.31	7.9	17	1026	16⅝	d16	16⅝	-⅛

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	Latest	Chge
39⅛	17⅛	Flowserv	.56	2.1	23	2590	18⅝	17⅛	17⁹⁄₁₆	+⅛
56⅛	33⅝	Fluor	.80	2.1	12	3861	39⅛	38⅛	38⅝	+⅛
21⅝	12⁹⁄₁₆	Foodmk		—	8	1455	13⅛	12⅝	12⅝	+⅛
47⅛	23⁹⁄₁₆	Footstar		—	9	588	25⅛	25⅛	25⅝	+⅛
39⅝	5⅜	Forcenrgy		—	26	2864	6⅝	5⅜	5⅝	+⅛
61⅝	27⅛	Ford s	1.68b	4.0	7	32265	43⅛	40⅝	41⅛	-⅛
25⁵⁄₁₆	17⅛	ForAm n	.36	2.0	10	538	18⅛	17⅝	17⅝	—
19	8	ForestOil		—	dd	267	8⅛	8⅛	8⅛	+⅛
53	27⅛	FtJames	.60	2.1	48	6650	29⅛	27⅛	28⅛	+⅛
47⅝	25⅛	FortuneBr	.84	3.1	34	5175	27⅝	26⅝	27⁵⁄₁₆	+⅛
45⅝	11⁹⁄₁₆	FostWh	.84	7.8	46	3106	12⅝	11⅝	12⅛	+⅛
33⁵⁄₁₆	9⁵⁄₁₆	FoundHS		—	dd	4833	12⅝	12	12⅝	+⅛
43⁵⁄₁₆	23	FourSH g		—	—	551	23⅛	23⅛	23⅛	-⅛
15⅝	9⅝	France	2.04e	16.0	q	1027	12⅝	12⅝	12⅝	+⅛
82	32⅛	FranceT n	1.08p	—	—	219	75⅛	73⅛	74⅛	—

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	Latest	Chge
43⁹⁄₁₆	24	Dexter	1.04	4.0	11	736	26⁹⁄₁₆	25⅛	26	+⅛
51⅛	35⁵⁄₁₆	Diageo n	.83p	—	—	1090	40⅝	38⅛	39⅞	+⅛
22⅞	24⅛	DiagPd	.48	1.9	20	126	26⅝	25⁹⁄₁₆	25⅝	-⅛
26⅛	15⅛	Dial	.32	1.4	24	3590	23⅛	22⅞	22⅞	+⅛
67½	20⅝	DiaOffs	.50	2.1	11	21160	23⅝	22⅝	23⅝	+1⅛
55⁵⁄₁₆	20	Diebold	.56	2.5	19	2155	22⅛	21⅛	22⅛	-⅛
44⅛	28⅝	Dillards	.16	.5	12	3633	30⅝	29⅛	29⅝	-⅛
25⁹⁄₁₆	24⅛	DillardC8 n	1.88	7.5	—	96	25	24⅝	25	—
33⅛	18⅛	DimeBcp	.20	.9	15	3605	23	31⅝	27⅛	-⅛
26⅞	8⁹⁄₁₆	Dimon	.80	6.6	11	682	10½	10⅛	10⅝	+⅛

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	Latest	Chge
28⅝	22½	FranFin	1.88	8.3	13	779	23⅛	22½	22⅛	—
28⅛	18⁹⁄₁₆	FrankCov		—	13	91	19	18⁹⁄₁₆	19	+⅛
16⁹⁄₁₆	7⅛	FrkEPb		—	50	356	7⅝	7⅛	7⅛	-⅛
57⅝	29⅛	FrankRs s	.20	.8	13	17167	29⅝	d26	26⅝	-3⅛
10⁹⁄₁₆	9	FrkUnv	.80a	8.7	q	600	9⅝	9⅛	9⅝	+⅛
51	25	FMeyer s		—	60	6970	40⅛	37⅜	38⅝	-1⁹⁄₁₆
51⅛	32⅛	FredMac	.48	1.2	28	16075	43⅛	40⁹⁄₁₆	41⅛	-⅛
23⅛	12	FreedSc n	.04p	—	—	254	13⅛	13	13⅛	-⅛
28⅝	10⁹⁄₁₆	FMCG A	.20	1.5	19	1271	13⅛	12⅛	13⅛	+1⅛
29⁹⁄₁₆	11⅛	FMCG	.20	1.5	15	10251	13⅝	12⅝	13⅝	+⅛

Continued on Page 15

هكذا من الأصل

Herald Tribune INTERNATIONAL

BUSINESS/FINANCE

SATURDAY-SUNDAY, SEPTEMBER 5-6, 1998

ECONOMIC SCENE

Hong Kong Looks for Magic Wand to Prop Dollar

By Philip Bowring
Special to the Herald Tribune

HONG KONG — Mounting doubts about the sustainability of the Hong Kong dollar peg to the U.S. dollar have raised the question: What is the alternative?

A free float is regarded by government as so far beyond the pale that all officials, most bankers and many economists are unwilling to contemplate its possible merits.

But now a "third way" has been seriously proposed, and assorted economists have given it their blessing: dollarization. The Hong Kong dollar would be replaced by U.S. dollars.

This would, it is suggested, have all the advantages of the current dollar peg but none of the disadvantages — specifically, the interest rates well above those in the United States for an economy in deep recession.

Various examples of dollarization, or its equivalent in other currencies, have been cited as evidence of feasibility.

Most are tiny, or dependent states: Monaco, Nauru, Guam, Vatican City, Andorra. The largest are Panama, which owes its dollar economy to the Canal Zone, and Macau, whose economy and financial system have for years been dominated by its neighbor, Hong Kong. These may not provide much guidance for Hong Kong, whose local currency money supply is 1.6 trillion Hong Kong dollars ($206 billion).

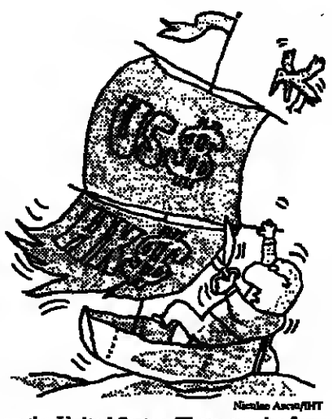
At bottom, dollarization can only mean complete replacement of the local currency with U.S. dollars.

Even before the recent $15 billion share-buying spree, Hong Kong had only enough foreign currency to cover 40 percent of Hong Kong's M3 money supply. A swap would wipe out all fiscal reserves and still leave it in need of $100-plus billion. There are only two possible sources of supply of U.S. dollars to substitute for the rest of the Hong Kong dollars: China and the Federal Reserve.

It seems unlikely that Beijing would be willing to see the U.S. dollar as the official currency of part of China. It is even less likely that it would commit all its foreign-exchange reserves to Hong Kong's currency swap.

As for the Fed, its chairman, Alan Greenspan, and other U.S. officials, it is hard to imagine them helping give birth to a dollar-creating banking system outside their monetary and prudential control. All dollars are, ultimately, claims on the United States. These are the fundamental reasons why dollarization will not work. There are a myriad of smaller, more technical ones ranging from legal contracts to banking regulations.

Dollarization sounds like a nice idea. Wave a wand, sign some papers and a faltering currency becomes as good as a greenback. Such is alchemy.



Nicolas Asfouri/IHT

'Major Announcement' Set on Currency

Bridge News

LONDON — The Hong Kong Monetary Aothority said Friday that it was preparing "quite a major announcement" on strengthening the peg of the Hong Kong dollar to the U.S. dollar.

A spokeswoman for Hong Kong's central bank in London denied market rumors that it planned to set up a two-tier foreign-exchange market to curb speculation against the Hong Kong dollar.

She said the authority would brief economists and legislators in Hong Kong on Saturday on the new measures.

Joblessness In U.S. Stays Flat at 4.5%

End of GM Strike Offsets Losses in Factory Jobs

Compiled by Our Staff From Dispatches

WASHINGTON — The U.S. unemployment rate held steady at 4.5 percent in August, the government said Friday, as manufacturing job losses outweighed the return to work of laborers affected by strikes at General Motors Corp.

U.S. companies added 365,000 jobs in August. But the gain of 95,000 manufacturing jobs in the month would have actually been a loss of 55,000 without the return of 143,000 GM workers after labor disputes were settled in the last week in July.

"Excluding the effects of the GM strike, manufacturing jobs have been down for five months in a row," reflecting a slowdown in exports to Asia, said Brian Wesbury, chief economist at Griffin, Kubik, Stephens & Thompson Inc. in Chicago.

Economic hard times in Asia have dampened demand for U.S. products there. Also, currency devaluation has made Asian imports cheaper and more attractive to consumers here.

"Overall, I still believe that the fundameotal underpinnings of this economy are very strong and very steady, but clearly we are seeing the effects of the Asian situation," said Labor Secretary Alexis Herman.

The weakness in factory jobs is likely to spread and affect all economic growth in the second half of this year, said Mr. Wesbury, who predicted that would trigger an interest-rate cut by the Federal Reserve Board before the end of this year.

Worries persist that labor shortages could press wages higher, cutting corporate profits and increasing inflation. In August, average hourly wages grew by 7 cents to $12.86 — a faster pace than the 3 cent increases recorded in each of the previous three mooths.

The bulk of August's gains came at service-producing companies, where employment rose by 256,000. As the school year started in most of the country, government employment, a subset of the figures on services, increased by 57,000 in August. *(AP, Bloomberg)*

David Hoffman/The Washington Post

Alexander Smolensky, president of SBS-Agro Bank, explaining at a news conference that the bank would repay the $1 billion it owed investors.

A Russian Tycoon's Rise and Fall

Crisis Ends Banker's Ascent From Communist Rags to Capitalist Riches

By David Hoffman
Washington Post Service

MOSCOW — A mob of angry depositors gathered outside a bank in central Moscow, demanding their money. For Alexander Smolensky, the president of the bank they were besieging, it was a signal moment. Like much of the country around him, he was witnessing the end of his capitalist dreams.

Mr. Smolensky, 44, wanted to become Russia's first private super-banker. Mr. Smolensky's ambition was to create the Russian equivalent of the Bank of America. For a while, he seemed close: His SBS-Agro Bank became the country's largest commercial retail institution, with 2,200 branches in 81 regions, 5.7 million depositors and 1,500 corporate clients.

But the panic outside his Moscow branches in recent weeks has dashed the dream. As angry depositors besiege it, SBS-Agro is on the verge of being taken over by the government. Its capital has been devoured by the government's default on its domestic debt, and the nascent financial markets the bank helped nurture have collapsed.

The story of Mr. Smolensky's remarkable rise and his sudden crisis embody the ruin of Russia's attempt to build a stable market economy. And for Mr. Smolensky, it is a crushing tragedy. "Things are warped. It's a catastrophe," he said. "I think the situation is going to grow worse."

To Russians, Mr. Smolensky is renowned as one of the *semibankirshchina*, the seven business tycoons who banded together in 1996 to save President Boris Yeltsin's re-election campaign and who carved up chunks of the former Soviet industrial base to become giants of a new capitalism. Mr. Smolensky was the first to fall back to earth.

His dream depended on a post-Soviet Russia that sought to create a market-driven system comparable to those of Western democracies. Mr. Smolensky's part was re-establishing trust in banks. Russians have long saved their cash under the mattress; he wanted to coax them to open accounts and take out credit cards, the basis of a modern financial system. By doing so, a man from a rough-and-tumble, blue-collar family would complete a storybook ascent from communist rags to capitalist riches.

Many Russians who have been hurt by the latest crisis — and have found their bank accounts frozen, their credit cards useless and their pay devalued — have no sympathy for the tycoons. Critics say Mr. Smolensky and the others enjoyed years of obscene profits, stowed their cash overseas and made easy money at the expense of the state. But Mr. Smolensky retorts that he would oot be in trouhle if it were not for the government's mistakes. "At the moment, I do not know what can make people keep their money in banks," he said. "I do not see what can motivate people to do it."

SBS-Agro has been subject to a classic bank run. Mr. Smolensky said his optimistic forecast was that only 30 percent of the deposits would be withdrawn, but his worst-case scenario was 70 percent. "What can stall the process?" he asked. "No words work — not the central bank guarantees, not the government, not the state. People just do not believe."

Mr. Smolensky was always an ootsider. Other tycoons had come from the

See BANKER, Page 14

Deflationary Pressures Add to Turmoil

By Tim Smart
Washington Post Service

WASHINGTON — Recession in Japan. Devaluation in Russia. A sell-off on Wall Street. Each can be seen as an isolated event.

But viewing them together, some economists and experts see signs of a deflationary wave in which assets — be they Japanese office buildings, Venezuelan bonds, Middle Eastern oil or Brazilian stocks — are being marked down by the day. It's akin to a global tag sale.

So far, the wave has had a limited effect on the U.S. economy; where overall prices for goods and services are still rising, albeit modestly.

But some players in the economy, particularly manufacturers, farmers and producers of raw materials, are struggling with falling prices that are crimping profits.

This leads some to wonder whether the U.S. stock market's current turmoil is, in part, a reflection of this global deflationary pressure.

Deflation, a situation in which prices for goods and services fall rather than rise, is unknown to the modern U.S. economy.

Although consumers may welcome lower prices for individual items, widespread deflatioo can be deeply destabilizing as prices drop, the value of assets falls and consumers begin forgoing purchases in anticipation of cheaper prices. Then that further depresses demand and prices.

The condition is already evident in Japan, where the collapse of real estate prices has left an economic mess of bad loans, ailing banks, plunging stocks and corporate bankruptcies.

"The market is very much reacting" to deflationary concerns, said Richard Cripps, chief market strategist for Legg Mason Wood Walker Inc. "That's one of the major fears out there."

For much of the past decade, slowing inflation has been the driving force behind the U.S. stock market, as the decline in interest rates has made the returns on equities that much more valuable.

But if that disinflation continues and crosses the line into deflation, then the economic picture changes as companies find prices for their products falling faster than they can counterattack through increased productivity or lower costs.

"Deflation is terrible for profits," said Edward Yardeni, an economist at Deutsche Bank Securities.

There is already evidence that corporate profits are being squeezed by the twin pressures of weak pricing power and rising labor costs. Companies are finding it difficult to raise prices for some items, such as auto parts, because of global competition or sagging demand because of the financial crisis in Asia.

The Commerce Department reported last week that corporate profits fell in the second quarter, compared with a year earlier for the first time in a decade.

Meanwhile, the low U.S. unemployment rate of 4.5 percent has created such a tight labor market that many companies feel pressed to raise wages to recruit and retain good workers.

Although most consumers do not see it on daily basis when they go to the store, prices for many goods are falling. Gasoline is the cheapest it has ever been, after adjusting for inflation. Ford Motor Co. is reducing 1999 car prices for the first time in 30 years. Grain prices are slumping.

'Can half of the world sink into economic collapse without the U.S. being affected?'

A second-quarter survey by Prudential Securities Inc. found that 40 percent of 711 companies followed by its stock analysts were getting lower prices for their products than they were a year earlier. That's up from 26.4 percent in June 1997 and the highest percentage since Prudential began the survey two years ago.

Commodities such as oil and wheat have had the sharpest declines in value, in part because of overproduction and slumping demand from Asia. "More industries now have declining prices than rising prices — and by a substantial margin," the Prudential report said.

Some companies are not waiting for deflation to arrive. They have already begun changing their businesses to reflect the weak pricing environment.

At AlliedSignal Inc., Lawrence Bossidy, the company's chairman, asked his top financial people this spring to check their assumptions and adjust accordingly if prices stayed down or began to falter.

See DEFLATION, Page 14

CURRENCY & INTEREST RATES

Sept. 4

Cross Rates

	$	£	D.M.	F.F.	Lira	D.F.	S.F.	S.F.	Yen	C$	Peseta
Amsterdam	1.956	3.2725	1.1185	0.3346	0.1143*	—	5.4705*	1.375	1.454*	1.278	1.329*
Brussels	35.74	59.80	20.438	6.152	2.0887*	18.279	—	25.14	0.266	23.37	24.29*
Frankfurt	1.7422	2.9145	—	0.2982	0.1017*	0.8863	4.3681*	1.2157	1.2842*	1.1345	1.1776*
London (c)	1.6732	—	2.9022	0.2314	2.8844.48	3.2253	59.8809	2.2836	224.7693	2.9805	246.3855
Madrid	140.77	240.235	84.86	25.2384	8.598*	25.198	4.1723	103.23	108.184*	94.369	—
Milan	1,719.38	2,844.49	987.47	294.51	—	825.85	47.374	1,215.52	12.675	1,121.65	11.63
New York (b)	—	1.6705*	1.7345	0.3103	0.1204*	2.9713	0.1684	43.198	122.57	1.322	141.845
Paris	5.3302	9.7265	3.253	—	0.3356*	9.7713	0.5553	14.71	—	3.734	3.9145
Tokyo	126.25	224.55	77.42	23.15	8.786	68.28	3.9553	104.71	1.1382*	—	0.1104*
Toronto	1.5712	2.5615	0.8713	0.2631	0.099*	0.7721	0.4049*	1.0685	0.0879*	0.9333	0.9673*
Zurich	1.4198	2.377	0.8217	0.2449	0.0932*	0.7281	3.9658*	—	1.0425*	0.8803	0.9127*
1 ECU	1.2299	0.6782	1.9425	0.5968	1.8020.81	2.2202	40.6918	1.6149	153.277	1.7321	169.851
1 SDR	1.3538	0.8113	2.3868	0.7076	2.2128.9	2.458	48.6043	1.9289	180.851	2.0639	199.591

Closings in Amsterdam, London, Milan, Paris and Zurich, fixings in other centers: New York and Toronto rates at 4 P.M.
*c: To buy one pound; b: To buy one dollar. *Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argent. peso	0.9999	Greek drac.	300.24	Mex. peso	10.16	S. Afr. rand	6.21
Australian $	1.7055	Hong Kong $	7.749	N. Zealand $	1.9767	S. Kor. won	1330.5
Austrian sch.	12.251	Hung. forint	221.93	Norw. krone	7.8953	Swed. krona	7.7912
Brazil real	1.1749	Indian rupee	42.515	Phil. peso	43.34	Taiwan $	34.74
Chinese yuan	8.2799	Indn. rupiah	11050.	Polish zloty	3.68	Thai baht	40.80
Czech koruna	30.94	Irish £	0.6892	Port. escudo	177.04	Turkish lira	273840.
Danish krone	6.6338	Israeli shek.	3.8612	Russ ruble	12.8198	UAE dirham	3.6728
Egypt. pound	3.4425	Kiwi dollar	0.3075	Saudi riyal	3.7575	Venez. bolIv.	583.25
Fin. markka	5.2951	Malay. ringg.	3.80	Sing. $	1.754		

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.6651	1.6623	1.6598	Japanese yen	134.97	134.39	133.81
Canadian dollar	1.5337	1.5334	1.5301	Swiss franc	1.4244	1.4217	1.4173
Deutsche mark	1.7376	1.7346	1.7315				

Sources: ING Bank (Amsterdam); KBC Bank (Brussels); Banca Commerciale Italiana (Milan); Banque de France (Paris); Bank of Tokyo-Mitsubishi (Tokyo); Royal Bank of Canada (Toronto); IMF (SDR). Other data from the Associated Press, Bloomberg and Reuters.

Libid-Libor Rates

Sept. 4

	Dollar	D-Mark	Swiss Franc	Sterling	French Franc	Yen	ECU
1-month	5½ - 5⅜	3⅝ - 3½	1⅛ - 1⅞	7⅝ - 7½	3⅝ - 3½	⅛ - ⅛	4⅛ - 4⅛
3-month	5⅛ - 5⅛	3⅞ - 3½	1⅛ - 1⅝	7⅞ - 7⅝	3⅞ - 3½	⅛ - ⅛	4⅛ - 4⅛
6-month	5⅞ - 5½	3⅞ - 3⅝	1⅛ - 1⅞	7⅛ - 7½	3⅞ - 3⅝	⅛ - ⅛	3⅞ - 4⅛
1-year	5⅞ - 5½	3⅞ - 3⅝	1⅛ - 1⅞	7⅛ - 7⅛	3⅞ - 3⅝	⅛ - ⅛	3⅞ - 3⅞

Sources: Reuters, Lloyds Bank.
Rates applicable to interbank deposits of $1 million minimum (or equivalent).

Key Money Rates

United States	Today	Prev
Discount rate	5.00	5.00
Prime rate	8½	8½
Federal funds	5⅝	5½
90-day CDs (dealt)	5.52	5.52
180-day CP (dealt)	5.32	5.33
Intl. 30-day R-A	5.03	5.03

	Price	Yield	Prev
3-month T-bill	4.74	4.85	4.81
1-year T-bill	4.67	4.89	4.88
2-year T-note	100-13	4.90	4.90
5-year T-note	101-17	4.89	4.91
7-year T-note	113-14	5.03	5.06
10-year T-note	104-20	5.01	5.02
30-year T-bond	103-05	5.29	5.30

Japan	Close	Prev
Discount rate	0.50	0.50
Call money	0.42	0.38
1-month interbank	0.40	0.40
3-month interbank	0.45	0.45
6-month interbank	0.47	0.47
10-year Govt bond	1.36	1.38

Germany	
Lombard rate	4.50
Call money	3.47
1-month interbank	3.45
3-month interbank	3.49
6-month interbank	3.58
10-year Bond	4.22

Britain		
Bank base rate	7½	7½
Call money	7½	7⅞
1-month interbank	7⅞	7⅞
3-month interbank	7½	7½
6-month interbank	7⅞	7⅞
10-year Gilt	5.35	5.37

France		
Intervention rate	3.30	3.30
Call money	3¼	3⅜
1-month interbank	3⅞	3⅞
3-month interbank	3⅞	3⅞
6-month interbank	3½	3½
10-year OAT	4.37	4.36

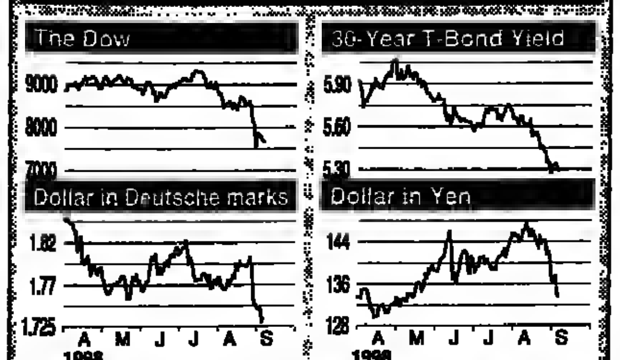
Sources: Reuters, Bloomberg, Merrill Lynch, Bank of Tokyo-Mitsubishi, Commerzbank, Credit Lyonnais.

Gold

	A.M.	P.M.	Ch'ge
Zurich	N.A.	285.50	+5.40
London	285.40	285.00	+5.85
New York	288.20	290.10	+1.80

U.S. dollars per ounce. London official fixings: Zurich and New York opening and closing prices: New York Comex (Dec.)
Source: Reuters.

Investor's America



Exchange	Index	Friday @ 4 P.M.	Prev. Close	% Change
U.S.	The Dow	7640.25	7682.22	-0.55
U.S.	S&P 500	973.90	982.26	-0.85
U.S.	S&P 100	477.44	481.33	-0.81
U.S.	NYSE Composite	[illegible]	[illegible]	[illegible]
U.S.	Nasdaq Composite	1566.52	1571.86	-0.34
U.S.	AMEX Composite	602.71	598.70	+0.67
Toronto	TSE Index	5742.50	5771.20	[illegible]
São Paulo	Bovespa	5807.22	6201.75	[illegible]
Mexico City	Bolsa	3046.17	3100.39	[illegible]
Buenos Aires	Merval	394.90	407.98	[illegible]
Santiago	IPSA General	[illegible]	3207.88	[illegible]
Caracas	Capital General	2737.48	[illegible]	[illegible]

Source: Bloomberg, Reuters International Herald Tribune

Wall Street Bear: Will It Bite Into Big Apple?

By Josh Getlin
Los Angeles Times Service

NEW YORK — For the last five years, New York has profited from the market boom as has no other American city. But now the party might be ending, and market players who thought nothing of paying $2,325 for a magnum of Haut Brion at lunch are having second thoughts.

While the market turbulence has alarmed millions, the anxiety is particularly felt here, at the epicenter of the nation's markets.

New York's chief fiscal officer recently warned about the city's overdependence on the investment industry, which pays millions in local taxes. Comptroller H. Carl McCall noted that Wall Street, representing only 5 percent of New York City jobs, generated 56 percent of the city's total growth in earnings between 1992 and 1997.

His Aug. 13 report voiced concern over this imbalance, warning that it presents "considerable risks to the city's fiscal stability."

Not to mention the pocketbooks of those New Yorkers who have profited handsomely from the bull market — before it headed down.

"Do I think that some people will now pay less for wine and cigars in fancy restaurants? Maybe," said the mega-developer Steven Witkoff, who insisted that the city is still a prime real estate market.

"Will they buy fewer Mercedes? Maybe."

> **Without Wall Street, the city's economy 'is in a relatively weak position.'**

If so, it will be a rude awakening. Once plagued by chronic budget shortfalls, the Big Apple currently enjoys a $1.6 billion surplus, much of it driven by huge profits in the financial sector.

The market has generated $900 million — or 36 percent — of the growth in local tax revenues since 1992, and this Wall Street windfall has helped to pay for an array of programs like anti-crime and anti-drug efforts.

The unprecedented growth has lifted related industries, like law, communications and even the Broadway stage, which has become increasingly dependent on cash-rich investors.

Despite huge surpluses, Mayor Rudolph Giuliani has assumed less Wall Street growth in his 1999 budget forecasts. And the city is squirreling revenues away to cover future shortfalls. But that may not be enough, experts said.

"Without the support of Wall Street," said Sara Johnson, a Standard & Poor's Corp. economist who regularly surveys the city, "the underlying city economy is in a relatively weak position."

"Business costs are not competitive with other areas," she said, citing high tax burdens and also high unemployment, at 8.1 percent.

As the market generates record city income, there has been a tendency to ignore these underlying problems.

Yet they are the inescapable dark side of New York's prosperity. The market surge that increased the value of real estate and stock portfolios in Manhattan has largely eluded the city's other four boroughs, leaving a growing gap between super-rich and very poor.

All the while, New York continues to lose a large number of manufacturing jobs. Although other areas of the local economy are growing, — such as communications, tourism and high-tech industries — they do not come close to providing the annual tax revenues generated by the financial sector.

Judge Denies A Delay in Microsoft Suit

Compiled by Our Staff From Dispatches

WASHINGTON — A U.S. judge rejected on Friday a request by Microsoft Corp. to delay an antitrust lawsuit and ordered the software giant to turn over documents on its competitors, the Justice Department said.

The judge, Thomas Penfield Jackson of U.S. District Court here, also ordered Microsoft to turn over documents about contacts with Intel Corp. and Apple Computer Inc., the department reported.

The documents relate to alleged communication by Microsoft with Intel and Apple that, according to the department, illustrate an illegal, anticompetitive tendency by Microsoft.

The trial against Microsoft, filed jointly by the Justice Department and 20 states, is set to start Sept. 23.

On Thursday, the department accused Microsoft of trying to delay a suit that it cannot win.

Microsoft has been preparing a defense against charges that it illegally bundled its Internet browser with its Windows operating software and used exclusionary agreements with Internet companies and computer makers to smother the market for a browser by Netscape Communications Corp.

Microsoft's legal strategy was buoyed by a federal appeals court ruling in June in a related case. That court found that Microsoft's bundling of its browser with Windows was a "genuine integration" because a single combined product offers benefits over separate ones. *(AFP, AP)*

Very briefly:

- **Northwest Airlines Corp.** announced the appointment of Mickey Foret, the architect of its 1990s cost-cutting, as chief financial officer, returning to the post he held from September 1993 to June 1996 and replacing James Lawrence, who resigned to "pursue other opportunities."
- **Mexico's** credit rating was put under review for a potential downgrade by Moody's Investors Service Inc., which said the country could be exposed to further financial troubles worldwide, especially from Latin America.
- **Canada's** unemployment rate fell to 8.3 percent in August, its lowest level in eight years, as a surge in summer jobs for students offset a drop in manufacturing jobs, the government said.
- **Kellogg Co.** said it was evaluating the work of its headquarters staff and might dismiss an unspecified number of its 2,000 salaried workers in North America as part of the cost-cutting efforts.
- **General Motors Corp.** and the United Auto Workers said they had resolved issues at GM's Saturn car plant in Spring Hill, Tennessee, avoiding a strike that had been authorized.
- **Hewlett-Packard Co.** confirmed that Dick Watts, general manager of its computer sales and distribution group, had left to join ConvergeNet, a San Jose, California-based, maker of computer-storage products.

Bloomberg

Blue-Chips End Rough Week on a Downbeat

Compiled by Our Staff From Dispatches

NEW YORK — Stocks fell Friday, dragged down by banking shares on concerns about their exposure to emerging-market debt.

The Dow Jones industrial average closed 41.97 lower at 7,640.25, while the Standard & Poor's 500 index fell 8.36 points, to 973.90. Declining issues outnumbered advancing ones by a narrow margin on the New York Stock Exchange.

American Express led the blue-chips lower for the second straight day, falling 2⅞ to 74⅛. The stock has fallen about 37 percent since hitting its high in mid-July. Citicorp fell 6⅛ to 92⅜ and Travelers Group lost 2 to 39⅛.

U.S. STOCKS

Investors are trying to determine the extent of loans banks have in the turbulent economies in Asia and Russia. They also are worried about a slowdown in capital markets and ultimately in the U.S. and global economy, analysts said.

"Investors are basically trying to figure out if we are heading into a world of more risk than we have already seen," said George Bicher, an analyst at BT Alex. Brown.

Fears of economic contagion caused a sell-off this week that left the Dow with a loss of more than 3 percent on the year. Much of that money has gone into the safety of the U.S. Treasury bond market, driving yields to record lows.

The price of the benchmark 30-year issue rose 6/32 point Friday, to 103 5/32, sending the yield down to 5.29 percent from 5.30 percent Thursday. That is just above the record low yield of 5.26 percent.

"When people get nervous, they go to bonds," said Alan Day, a fund manager at Stratevest Group.

Cambridge Technology Partners fell 7 25/32 to 27⅜ in active trading after an analyst at Adams, Harkness & Hill downgraded his opinion of the company because of expectations for a drop in revenue. The company converts old computer systems to the personal computer-based networks.

Pfizer fell 4½ to 95⅜ after analysts warned that sales of its flagship Viagra drug could fall in the coming months.

American depositary receipts of Telebras, the Brazilian national phone company, fell 4¼ to 60⅞ as Brazil's benchmark stock index, the Bovespa, dropped 6.13 percent. *(Bloomberg, Reuters, AP)*

Dollar Falls Against Yen on Stocks' Slump

Bloomberg News

NEW YORK — The dollar fell against the yen Friday, pulled down by weakness in U.S. stocks.

"The fact that stocks can't sustain a rally and Latin America concerns persist make me concerned about the dollar," said John Rothfield, international economist at NationsBank in Chicago. "We don't think the current environment is a time to be buying dollars."

In 4 P.M. trading, the dollar slipped to 133.57 yen from 134.30 yen Thursday. It rose to 1.7345 Deutsche marks from 1.7285 DM, recovering from a sharp slide this week. It rose slightly to 5.803 French francs from 5.802 Thursday and to 1.4243 Swiss francs from 1.4187 Swiss francs.

The pound slipped to $1.6705 from $1.6747.

Much of the dollar's weakness this week has come from investors selling dollars to compensate for losses in emerging markets, such as Russia and Latin America.

FOREIGN EXCHANGE

"We've seen wave after wave of forced liquidation," said Jamie Coleman, foreign-exchange analyst at Thompson Global Markets in Boston.

Most stock markets across Latin America also fell amid concern about a regional slowdown. Such a scenario could hurt growth in the United States because of the country's strong trade ties to the region.

Meanwhile, traders expected little news to emerge from meetings Friday between Japan's finance minister, Kiichi Miyazawa, and the U.S. Treasury secretary, Robert Rubin, in San Francisco.

The dollar got a boost from Hans Tietmeyer, president of the Bundesbank, who said its drop against the mark and yen was "technical" and did not reflect an underlying weakness of the U.S. economy.

Cantor to Set Up Electronic Trades

Bloomberg News

WASHINGTON — Cantor Fitzgerald LP won approval Friday to set up the first computerized futures exchange in the United States, the latest step in a global shift to electronic networks from auction-based trading floors.

The Commodity Futures Trading Commission approval means that Cantor can start trading Tuesday in Treasury futures, the mainstay of the Chicago Board of Trade. Officials there said the exchange might sue to stop the venture.

The Trib Index

Prices as of 4:00 P.M. New York time.

Jan. 1, 1992 = 100	Level	Change	% change	year to date % change
World Index	171.05	—0.45	—0.26	—0.62
Regional Indexes				
Asia/Pacific	72.85	—0.44	—0.60	—24.17
Europe	210.04	+1.34	+0.64	+8.81
N. America	224.17	—2.57	—1.13	+3.79
S. America	77.23	—4.04	—4.97	—49.41
Industrial Indexes				
Capital goods	225.89	—2.93	—1.28	+9.35
Consumer goods	214.71	—0.53	—0.25	+2.37
Energy	185.20	+9.49	+5.40	—5.01
Finance	114.58	—1.99	—1.71	—6.82
Miscellaneous	131.28	+1.74	+1.34	—12.41
Raw Materials	158.71	+0.63	+0.40	—5.10
Service	186.34	—0.14	—0.08	+6.90
Utilities	154.14	+2.80	+1.85	—7.63

The International Herald Tribune World Stock Index © tracks the U.S. dollar value of 280 internationally investable stocks from 25 countries.

Compiled by Bloomberg News.

AMEX

Friday's 4 P.M. Close

The 200 most traded stocks of the day, up to the closing on Wall Street.
The Associated Press.

Stock	Sales	High	Low	Latest	Chge
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

U. S. STOCK MARKET DIARY

Indexes

Dow Jones

	Open	High	Low	Last	Chg.
Indus	7685.05	7760.49	7495.81	7640.25	-41.97
Trans	2624.77	2655.11	2592.69	2616.75	-7.72
Util	272.07	273.14	269.12	271.67	-0.69
Comp	2421.19	2443.56	2376.10	2411.00	-10.55

Standard & Poors

	High	Low	Previous Close	Today 4 P.M.
Industrials	1176.64	1151.44	1170.34	1165.73
Transp.	566.68	553.48	558.00	562.40
Utilities	232.92	229.62	232.08	232.79
Finance	109.69	104.66	106.56	102.89
SP 500	990.47	969.32	982.26	973.90
SP 100	486.01	474.78	481.33	477.44

NYSE

	High	Low	Last	Chg.
Composite	493.64	478.67	486.31	-3.58
Industrials	614.48	597.53	607.34	-1.94
Transp.	389.71	379.26	384.64	+0.61
Utility	354.76	349.92	355.23	+0.90
Finance	445.70	424.14	430.63	-12.32

Nasdaq

	High	Low	Last	Chg.
Composite	1593.17	1543.86	1566.52	-5.34
Industrials	1009.03	990.01	999.79	+1.40
Banks	1690.41	1639.09	1648.94	-38.76
Insurance	1504.03	1471.67	1486.24	-4.33
Finance	2125.34	2072.94	2097.08	-14.94
Transp.	835.17	819.05	824.80	-2.69

AMEX

High	Low	Last	Chg.
606.59	598.49	602.71	+4.01

Dow Jones Bond

	Close	Chg.
20 Bonds	105.00	-0.22
10 Utilities	102.62	-0.09
10 Industrials	107.38	-0.35

Most Actives

NYSE

	Vol.	High	Low	Last	Chg.
Travelrs s	166789	[illegible]	[illegible]	[illegible]	[illegible]
ChaseM s	146668	[illegible]	[illegible]	[illegible]	[illegible]
GenElec	105485	[illegible]	[illegible]	[illegible]	[illegible]
Lucent s	101169	85	[illegible]	[illegible]	[illegible]
Citicorp	100802	101	[illegible]	[illegible]	[illegible]
PhilMor	92092	[illegible]	[illegible]	42	[illegible]
TelBrasl	91196	[illegible]	56	[illegible]	[illegible]
Pfizer	90078	[illegible]	[illegible]	[illegible]	[illegible]
Compaq s	79950	[illegible]	[illegible]	[illegible]	[illegible]
PSEG	79905	[illegible]	[illegible]	[illegible]	[illegible]
Disney s	74296	[illegible]	[illegible]	[illegible]	[illegible]
Schimb	61139	[illegible]	[illegible]	[illegible]	[illegible]
NatnsBk	58704	[illegible]	[illegible]	54	[illegible]
CocaCl	57262	[illegible]	[illegible]	[illegible]	[illegible]
MSDWn	54771	[illegible]	49	[illegible]	[illegible]

Nasdaq

	Vol.	High	Low	Last	Chg.
DellCptr s	200230	[illegible]	[illegible]	[illegible]	[illegible]
CambTch	181677	36	[illegible]	[illegible]	[illegible]
Intel	157777	[illegible]	[illegible]	[illegible]	[illegible]
Microsft s	121338	[illegible]	[illegible]	[illegible]	[illegible]
Cisco s	120139	92	[illegible]	[illegible]	[illegible]
WorldCm	107725	[illegible]	[illegible]	[illegible]	[illegible]
Oracle	84891	[illegible]	[illegible]	[illegible]	[illegible]
PeopSft s	72810	[illegible]	[illegible]	[illegible]	[illegible]
TeleCamA	69345	[illegible]	[illegible]	36	[illegible]
3Com	58864	[illegible]	[illegible]	[illegible]	[illegible]
SunMic	49795	[illegible]	[illegible]	[illegible]	[illegible]
Tellabs	49662	[illegible]	[illegible]	[illegible]	[illegible]
ClarnCp	46886	28	[illegible]	25	[illegible]
Sangstat	43661	[illegible]	[illegible]	[illegible]	[illegible]
Ascend	42184	[illegible]	[illegible]	[illegible]	[illegible]

AMEX

	Vol.	High	Low	Last	Chg.
SPDR	143271	[illegible]	[illegible]	[illegible]	[illegible]
EchoBay	13904	[illegible]	2	[illegible]	[illegible]
TWA	10736	[illegible]	[illegible]	4	—
RoyalO g	10484	[illegible]	[illegible]	[illegible]	[illegible]
BemaGold	10358	[illegible]	[illegible]	[illegible]	[illegible]
Metromda	9546	[illegible]	[illegible]	[illegible]	[illegible]
ViacB	9457	[illegible]	56	57	[illegible]
Crystix gn	7824	[illegible]	[illegible]	[illegible]	[illegible]
Hemispx	6930	[illegible]	[illegible]	11	[illegible]
GreyWolf	6427	[illegible]	[illegible]	[illegible]	[illegible]

Trading Activity

NYSE

	Close	Prev.
Advanced	1409	1022
Declined	1518	2113
Unchanged	591	401
Total issues	3518	3536
New Highs	10	13
New Lows	366	446

Nasdaq

	Close	Prev.
Advanced	1860	1400
Declined	1683	2793
Unchanged	1584	1339
Total issues	5127	5532
New Highs	1	8
New Lows	310	564

AMEX

	Close	Prev.
Advanced	274	196
Declined	311	394
Unchanged	135	142
Total issues	720	732
New Highs	3	5
New Lows	77	80

Market Sales

	Today 4:00	Prev. cons.
NYSE	782.88	1,022.83
Amex	38.38	49.53
Nasdaq	592.43	752.25

In millions.

Dividends

Company	Per	Amt	Rec	Pay
IRREGULAR				
Bull & Bear 5%	—	.04	9-14	9-30
Corp Bancor	b	.264	9-11	9-21
New S Africa Fd	—	.033	10-9	10-23
Resource Asset	—	.51	9-17	9-30
Sabine Royalty	—	.1202	9-15	9-29
Sempra Energy	—	.39	9-21	10-15
Triangle Bncp n	—	.09	9-15	9-30
REDUCED				
Gamma Biological	Q	.005	10-5	10-20
INITIAL				
DLJ HI Yld Bd Fd	—	.155	9-18	9-30
Fst Fed Bncp OH	—	.04	9-18	10-1
Intl Bncshrs n	—	.40	9-30	10-15
REGULAR				
Berry Petrol A	Q	.10	9-11	9-29
Cdn Imperial Bk g	Q	.30	9-28	10-28
Cornerstone Rlty	Q	.26	9-21	10-20
Greif Bros A.	Q	.13	9-18	10-1
Greif Bros B.	Q	.18	9-18	10-1
Hudson Bay g	Q	.18	10-8	10-31
Hunt Corp	Q	.1025	9-30	10-5
Mayflower Coop	Q	.20	9-15	9-22
New Amer HI Inco	M	.045	9-16	9-30
Pope Resource	Q	.10	9-11	9-25
Rio Algom Ltd g	S	.35	9-15	9-30
Royal Bk Scot B	b	.70	9-15	9-30
Royal Bk Scot C	b	.5937	9-15	9-30
Royal Bk Scot D	b	.5703	9-15	9-30
Royal Bk Scot E	b	.5625	9-15	9-30
Royal Bk Scotlnd F	b	.5312	9-15	9-30
Royal Bk Scot G	b	.578	9-15	9-30
StarrettLS.	Q	.20	9-11	9-25
Tri-Continental	Q	.13	9-14	9-22
Warwick Valley	Q	.28	9-20	9-30

STOCK SPLIT
Fingerhut Cos .3125 of a share of Metris Companies Inc for each share Fingerhut held.

STOCK
Mayco Tech — 10% 9-18 9-30

REVERSE STOCK SPLIT
IMP Inc 1 for 10 reverse split.
Just Toys 1 for 2 reverse split.

OMITTED
Isuzu Motors c
c- interim dividend omitted.
Kobe Steel —
NKK Corp c
Sumitomo Metal d
d- dividend omitted for the first half-year.

a-annual; b-approximate amount per share/ADR; g-payable in Canadian funds; m-monthly; q-quarterly; s-semiannually.

U.S. Stock Tables Explained

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the years high-low range and dividend are shown for the new stocks only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a - dividend also extra (s). b - annual rate of dividend plus stock dividend. c - liquidating dividend. cc - PE exceeds 99. cld - called. d - new yearly low. dd - loss in the last 12 months. e - dividend declared or paid in preceding 12 months. f - annual rate, increased on last declaration. g - dividend in Canadian funds, subject to 15% non-residence tax. i - dividend declared after split-up or stock dividend. j - dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k - dividend declared or paid this year, an accumulative issue with dividends in arrears. m - annual rate, reduced on last declaration. n - new issue in the past 52 weeks. The high-low range begins with the start of trading. nd - next day delivery. p - initial dividend, annual rate unknown. P/E - price-earnings ratio. q - closed-end mutual fund. r - dividend declared or paid in preceding 12 months, plus stock dividend. s - stock split. Dividend begins with date of split. sls - sales. t - dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u - new yearly high. v - trading halted. vi - in bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies. wd - when distributed. wi - when issued/ ww - with warrants. x - ex-dividend or ex-rights. xdis - ex-distribution. xw - without warrants. y- ex-dividend and sales in full. yld - yield. z - sales in full.

INTERNATIONAL FUTURES

Sept. 4, 1998

Grains

CORN (CBOT)
5,000 bu minimum- cents per bushel

	High	Low	Latest	Chge	Opint
Sep 98	197¾	194¼	195½	unch.	10,629
Dec 98	210¼	207	208	unch.	177,909
Mar 99	222½	219	220½	+½	58,351
May 99	229¾	227	227¾	+¾	20,948
Jul 99	235¼	232¼	233½	+¼	29,082
Sep 99	242	239½	239½	+¼	4,763
Dec 99	250	246¾	248¾	+1½	11,196

Est. sales 45,000 Thurs sales 59,700
Thurs open int 313,197, up 262

SOYBEAN MEAL (CBOT)
100 tons- dollars per ton

	High	Low	Latest	Chge	Opint
Sep 98	133.30	131.70	132.30	-1.00	7,626
Oct 98	130.20	128.60	128.90	-1.00	25,617
Dec 98	133.00	131.80	131.80	-1.10	64,170
Jan 99	134.80	133.50	133.50	-1.40	14,057
Mar 99	138.70	137.30	137.40	-1.40	12,331
May 99	143.00	141.10	141.40	-1.10	6,215

Est. sales 19,000 Thurs sales 22,724
Thurs open int 138,334, up 310

SOYBEAN OIL (CBOT)
60,000 lbs- cents per lb

	High	Low	Latest	Chge	Opint
Sep 98	24.48	24.15	24.35	+0.20	3,900
Oct 98	24.70	24.35	24.45	+0.13	26,562
Dec 98	24.95	24.44	24.59	+0.08	51,634
Jan 99	25.00	24.65	24.65	+0.08	8,416
Mar 99	25.08	24.72	24.75	+0.13	11,592
May 99	25.00	24.75	24.76	+0.10	4,738

Est. sales 35,000 Thurs sales 34,059
Thurs open int 114,395, off 1,495

SOYBEANS (CBOT)
5,000 bu minimum- cents per bushel

	High	Low	Latest	Chge	Opint
Sep 98	526½	522	523	-1	5,104
Nov 98	523½	518	518½	-2½	88,238
Jan 99	532¾	528	528¾	-3	22,259
Mar 99	543¼	539	539¾	-3	16,393
May 99	553	548	548½	-3¾	6,802

Est. sales 38,000 Thurs sales 44,319
Thurs open int 150,799, up 2,737

WHEAT (CBOT)
5,000 bu minimum- cents per bushel

	High	Low	Latest	Chge	Opint
Sep 98	250½	246	246	+1¼	3,935
Dec 98	266½	259½	261¼	+2¼	77,263
Mar 99	282	275¾	277½	+1¼	24,068
May 99	290	287	287¼	+3¼	4,477

Est. sales 26,000 Thurs sales 20,260
Thurs open int 121,423, off 2,537

Livestock

CATTLE (CMER)
40,000 lbs.- cents per lb.

	High	Low	Latest	Chge	Opint
Oct 98	58.52	57.92	58.12	+0.22	39,620
Dec 98	60.90	60.35	60.50	+0.13	23,913
Feb 99	61.90	61.30	61.52	-0.08	13,446
Apr 99	63.27	62.70	62.87	-0.13	5,762
Jun 99	61.90	61.40	61.40	-0.30	3,498
Aug 99	61.65	61.05	61.05	-0.35	581

Est. sales 12,493 Thurs sales 7,520
Thurs open int 19,422, off 67,319

FEEDER CATTLE (CMER)
50,000 lbs.- cents per lb.

	High	Low	Latest	Chge	Opint
Sep 98	66.60	66.00	66.05	-0.45	3,199
Oct 98	66.75	65.77	65.90	-0.50	6,461
Nov 98	67.85	67.10	67.25	-0.27	3,518
Jan 99	69.05	68.10	68.25	-0.15	1,719
Mar 99	69.30	68.30	68.60	-0.10	457
Apr 99	69.00	68.70	68.70	-0.35	307

Est. sales 1,294 Thurs sales 3,428
Thurs open int 15,876, up 104

HOGS-Lean (CMER)
40,000 lbs.- cents per lb.

	High	Low	Latest	Chge	Opint
Oct 98	38.10	37.05	37.12	-0.18	15,017
Dec 98	38.60	37.50	37.52	-0.23	9,963
Feb 99	43.00	42.50	42.55	-0.40	4,466
Apr 99	45.60	44.85	45.05	-0.02	1,445
Jun 99	54.70	53.97	53.97	-0.33	827

Est. sales 5,196 Thurs sales 8,559
Thurs open int 32,506, up 138

PORK BELLIES (CMER)
40,000 lbs.- cents per lb.

	High	Low	Latest	Chge	Opint
Feb 99	49.15	47.10	47.65	-0.05	2,506
Mar 99	49.10	47.10	48.00	unch.	140
May 99	49.25	48.20	48.20	+0.25	16

Est. sales 1,510 Thurs sales 1,249
Thurs open int 2,670, up 41

Food

COCOA (NCSE)
10 metric tons- $ per ton

	High	Low	Latest	Chge	Opint
Sep 98	0	0	0	-0	1,020
Dec 98	0	0	0	unch.	35,703
Mar 99	0	0	0	unch.	17,975
May 99	0	0	0	unch.	5,846
Jul 99	0	0	0	unch.	1,900
Sep 99			0	unch.	1,661

Est. sales 2,777 Thurs sales 5,406
Thurs open int 71,034, off 69

COFFEE C (NCSE)
37,500 lbs.- cents per lb.

	High	Low	Latest	Chge	Opint
Sep 98	119.75	118.90	118.90	+0.45	1,037
Dec 99	114.00	112.00	112.85	+0.60	14,008
Mar 99	111.25	110.00	110.40	+0.65	6,148
May 99	111.50	111.00	111.30	+0.80	2,803
Jul 99	112.25	110.90	111.50	+0.95	1,256

Est. sales 3,850 Thurs sales 5,938
Thurs open int 27,725, up 388

SUGAR-WORLD 11 (NCSE)
112,000 lbs.- cents per lb.

	High	Low	Latest	Chge	Opint
Oct 98	7.60	7.48	7.59	+0.05	73,639
Mar 99	8.09	8.00	8.07	+0.07	55,757
May 99	8.24	8.15	8.24	+0.09	8,704
Jul 99	8.32	8.22	8.32	+0.10	7,159

Est. sales 17,908 Thurs sales 16,833
Thurs open int 161,866, off 4,963

ORANGE JUICE (NCTN)
15,000 lbs.- cents per lb.

	High	Low	Latest	Chge	Opint
Sep 98	115.90	113.60	115.90	+0.85	1,129
Nov 98	117.95	115.60	117.75	+0.15	17,679
Jan 99	120.60	118.90	120.35	+0.10	6,086
Mar 99	123.00	122.00	123.00	+0.05	2,570

Est. sales N.A. Thurs sales 1,628
Thurs open int 28,806, up 217

Metals

GOLD (NCMX)
100 troy oz.- dollars per troy oz.

	High	Low	Latest	Chge	Opint
Sep 98			287.00	+1.80	3
Oct 98	288.60	285.20	287.80	+1.80	10,940
Nov 98			288.90	+1.80	
Dec 98	290.80	287.00	290.10	+1.80	111,398
Feb 99	292.30	289.30	291.80	+1.80	13,814
Apr 99	294.00	291.80	293.60	+1.80	11,271
Jun 99			295.40	+1.80	14,989
Aug 99			297.20	+1.80	4,468
Oct 99			298.90	+1.80	530

Est. sales 30,000 Thurs sales 65,258
Thurs open int 202,067, off 6,092

HI GRADE COPPER (NCMX)
25,000 lbs.- cents per lb.

	High	Low	Latest	Chge	Opint
Sep 99	76.20	75.10	75.30	+0.10	5,964
Oct 98	76.00	75.20	75.40	+0.25	2,498
Nov 98	75.70	75.50	75.50	+0.35	1,781
Dec 98	76.30	75.00	75.50	+0.35	30,816
Jan 99	75.70	75.50	75.60	+0.35	2,093
Feb 99			75.75	+0.35	1,117
Mar 99	76.40	75.90	75.90	+0.35	4,490
Apr 99			76.05	+0.25	1,094
May 99			76.20	+0.35	2,850

Est. sales 6,000 Thurs sales 12,595
Thurs open int 62,293, off 264

SILVER (NCMX)
5,000 troy oz.- cents per troy oz.

	High	Low	Latest	Chge	Opint
Sep 98	498.00	491.00	494.80	+8.00	307
Oct 98			498.80	+8.00	2
Nov 98			500.90	+8.00	
Dec 98	506.00	493.00	503.00	+8.00	57,231
Jan 99			504.90	+8.00	39
Mar 99	510.50	502.00	506.70	+8.00	8,897
May 99	510.00	505.00	508.80	+8.00	1,724
Jul 99	512.80	510.80	510.00	+8.00	2,559

Est. sales 7,000 Thurs sales 18,643
Thurs open int 76,789, off 1,850

PLATINUM (NMER)
50 troy oz.- dollars per troy oz.

	High	Low	Latest	Chge	Opint
Oct 98	373.00	366.00	367.20	-2.90	9,731
Jan 99	369.00	367.50	368.20	-2.90	1,184
Apr 99			369.20	-2.90	22
Jul 99			370.20	-2.90	10

Est. sales N.A. Thurs sales 1,379
Thurs open int 10,955, off 4

LONDON METALS (LME)
Dollars per metric ton

	Close		Previous	
Aluminum (High Grade)				
Spot	1393.00	1394.00	1409.00	1410.00
Forward	1412.00	1413.00	1426.00	1427.00
Copper Cathodes (High Grade)				
Spot	1652½	1653½	1665.00	1666.00
Forward	1668.00	1669.00	1677.00	1678.00
Lead				
Spot	529½	530½	536.00	537.00
Forward	539.00	540.00	545.00	546.00
Nickel				
Spot	4280.00	4290.00	4220.00	4230
Forward	4340.00	4345.00	4280.00	4290
Tin				
Spot	5480.00	5490.00	5495.00	5505.00
Forward	5345.00	5350.00	5345.00	5345.00
Zinc (Special High Grade)				
Spot	1027½	1028½	1036.00	1037.00
Forward	1049.00	1050.00	1057.00	1058.00

Financial

US T BILLS (CMER)
$1 million- pts of 100 pct.

	High	Low	Close	Chge	Op Int
Sep 98	95.23	95.20	95.23	+0.02	3,533
Dec 98	95.54	95.51	95.54	+0.02	817

Est. sales 174 Thurs sales 392
Thurs open int 4,403

5 YR TREASURY (CBOT)
$100,000 prin- pts & 64ths of 100 pct

	High	Low	Close	Chge	Op Int
Sep 98	111-48	111-28	111-44	+ 02	50,598
Dec 98	112-10	111-50	112-04	+ 02	325,521

Est. sales 42,414 Thurs sales 75,837
Thurs open int 386,120, off 7,793

10 YR TREASURY (CBOT)
$100,000 prin- pts & 32nds of 100 pct

	High	Low	Close	Chge	Op Int
Sep 98	117-04	116-20	117-01	+ 03	158,197
Dec 98	117-11	116-25	117-07	+ 03	453,971
Mar 99	117-12	116-30	117-12	+ 03	5,118

Est. sales 98,904 Thurs sales 173,834
Thurs open int 617,286, off 7,639

US TREASURY BONDS (CBOT)
(8 pct-$100,000-pts & 32nds of 100 pct)

	High	Low	Close	Chge	Op Int
Sep 98	127-25	126-25	127-16	+ 08	151,151
Dec 98	127-20	126-19	127-11	+ 09	702,003
Mar 99	127-09	126-20	127-02	+ 09	59,887
Jun 99			126-21	+ 09	151

Est. sales 375,000 Thurs sales 432,564
Thurs open int 917,060, off 211

LONG GILT (LIFFE)
£50,000 - pts & 32nds of 100 pct

	High	Low	Close	Chge	Op Int
Sep 98	112.08	111.77	112.02	—0.02	8,846
Dec 98	112.37	111.95	112.26	—0.03	151,527

Est. sales: 36,375. Prev. sales: 67,715
Prev. open int.: 160,373 up 347

GERMAN GOV. BUND (LIFFE)
DM250,000 - pts of 100 pct

	High	Low	Close	Chge	Op Int
Sep 98	N.A.	N.A.	112.72	—0.27	15,997
Dec 98	N.A.	N.A.	112.00	—0.12	5,049

Est. sales: n.a. Prev. sales: 9,359
Prev. open int.: 21,046 off 8,085

10-YEAR FRENCH GOV. BONDS (MATIF)
FF500,000 - pts of 100 pct

	High	Low	Latest	Chge	Opint
Sep 98	108.60	108.11	108.36	+ 0.01	108,485
Dec 98	108.12	107.69	107.90	+ 0.02	40,574

Est. sales: 133,144
Open int.: 149,059 up 9,589

ITALIAN GOVERNMENT BOND (LIFFE)
ITL 200 million - pts of 100 pct

	High	Low	Latest	Chge	Opint
Sep 98	N.A.	N.A.	123.01	+ 0.07	29,934
Dec 98	N.A.	N.A.	109.54	—0.05	74,181

Est. sales: n.a. Prev. sales: 83,818
Prev. open int.: 104,115 up 6,730

LIBOR 1-MONTH (CMER)
$3 million- pts of 100 pct.

	High	Low	Latest	Chge	Opint
Sep 98	94.42	94.38	94.41	unch.	13,527
Oct 98	94.53	94.48	94.52	unch.	6,778
Nov 98	94.59	94.53	94.59	+0.03	5,138

Est. sales 4,523 Thurs sales 330
Thurs open int 13,527, off 18,760

EURODOLLARS (CMER)
$1 million-pts of 100 pct.

	High	Low	Latest	Chge	Opint
Sep 98	94.46	94.41	94.46	+0.01	392,071
Oct 98	94.51	94.46	94.50	+0.01	21,129
Nov 98	94.57	94.52	94.57	+0.01	6,379
Dec 98	94.64	94.56	94.63	+0.01	437,151
Jan 99	94.73	94.69	94.73	+0.02	1,970
Feb 99	94.75	94.71	94.75	+0.02	450
Mar 99	94.82	94.74	94.80	+0.01	449,632
Jun 99	94.83	94.75	94.81	+0.01	387,120
Sep 99	94.81	94.73	94.80	+0.01	311,137
Dec 99	94.65	94.58	94.65	+0.02	247,895
Mar 00	94.73	94.64	94.71	+0.02	207,102
Jun 99	94.67	94.58	94.65	+0.01	158,362

Est. sales 520,563 Thurs sales 468,224
Thurs open int 2,874,573, off 583,330

BRITISH POUND (CMER)
62,500 pounds, $ per pound

	High	Low	Latest	Chge	Opint
Sep 98	1.6768	1.6652	1.6710	-0.0018	49,542
Dec 98	1.6690	1.6576	1.6632	-0.0018	25,939
Mar 99	1.6590	1.6560	1.6560	-0.0018	12

Est. sales 13,338 Thurs sales 30,993
Thurs open int 75,481, up 3,410

CANADIAN DOLLAR (CMER)
100,000 dollars, $ per Cdn. dlr

	High	Low	Latest	Chge	Opint
Sep 98	.6565	.6496	.6560	+0.0056	56,579
Dec 98	.6564	.6493	.6557	+0.0056	12,952
Mar 99	.6560	.6515	.6552	+0.0056	1,510

Est. sales 19,057 Thurs sales 13,123
Thurs open int 1, off 71,843

GERMAN MARK (CMER)
125,000 marks, $ per mark

	High	Low	Latest	Chge	Opint
Sep 98	.5800	.5739	.5780	-0.0002	107,053
Dec 98	.5832	.5760	.5810	-0.0002	35,261
Mar 99			.5835	-0.0002	84

Est. sales 36,157 Thurs sales 76,402
Thurs open int 142,314, up 4,985

JAPANESE YEN (CMER)
12.5 million yen, $ per 100 yen

	High	Low	Latest	Chge	Opint
Sep 98	.7525	.7360	.7456	+0.0053	99,386
Dec 98	.7635	.7460	.7584	+0.0054	34,822
Mar 99			.7682	+0.0055	1,934

Est. sales 58,147 Thurs sales 88,587
Thurs open int 132,208, up 2,487

SWISS FRANC (CMER)
125,000 francs, $ per franc

	High	Low	Latest	Chge	Opint
Sep 98	.7074	.6979	.7039	-0.0014	73,722
Dec 98	.7133	.7050	.7109	-0.0014	27,497
Mar 99			.7174	-0.0014	36

Est. sales 16,414 Thurs sales 37,031
Thurs open int 1, off 93,525

MEXICAN PESO (CMER)
500,000 pesos, $ per peso

	High	Low	Latest	Chge	Opint
Sep 98	.09822	.09690	.09730	-.00045	23,858
Dec 98	.09040	.08920	.08945	-.00050	11,831
Mar 99	.08420	.08360	.08360	-.00065	4,629

Est. sales 4,303 Thurs sales 2,399
Thurs open int 11,831, off 30,071

3-MONTH STERLING (LIFFE)
£500,000 - pts of 100 pct

	High	Low	Latest	Chge	Opint
Sep 98	92.460	92.430	92.460	+0.010	155,998
Dec 98	92.790	92.720	92.780	Unch.	185,084
Mar 99	93.100	93.040	93.100	+0.010	147,285
Jun 99	93.320	93.260	93.320	+0.010	148,710
Sep 99	93.470	93.470	93.470	+0.010	113,047
Dec 99	93.510	93.470	93.510	+0.010	130,772
Mar 99	93.610	93.550	93.610	+0.020	99,960

Est. sales: 102,858. Prev. sales: 166,021
Prev. open int.: 1,184,143 up 12,558

3-MONTH EUROMARK (LIFFE)
DM1 million - pts of 100 pct

	High	Low	Latest	Chge	Opint
Sep 98	96.505	96.485	96.490	—0.005	477,232
Oct 98	96.435	96.435	96.435	—0.020	14,206
Dec 98	96.405	96.375	96.385	—0.015	538,630
Mar 99	96.495	96.445	96.450	—0.035	514,875
Jun 99	96.450	96.400	96.410	—0.035	285,561
Sep 99	96.400	96.345	96.360	—0.030	234,166
Dec 99	96.250	96.200	96.220	—0.015	202,785
Mar 00	96.240	96.200	96.220	—0.005	168,841
Jun 00	96.130	96.095	96.125	+0.005	120,937
Sep 99	96.040	96.010	96.035	+0.005	51,385

Est. sales: 260,555. Prev. sales: 238,430
Prev. open int.: 2,727,021 up 3,017

3-MONTH PIBOR (MATIF)
FF5 million - pts of 100 pct

	High	Low	Latest	Chge	Opint
Sep 98	96.46	96.43	96.44	— 0.01	42,856
Dec 98	96.44	96.41	96.43	— 0.01	89,500
Mar 99	96.48	96.44	96.45	— 0.03	56,199
Jun 99	96.42	96.40	96.41	— 0.04	20,982
Sep 99	96.38	96.35	96.35	— 0.05	20,702

Est. sales: 23,295
Open int.: 257,012 off 114

3-MONTH EUROLIRA (LIFFE)
ITL 1 million - pts of 100 pct

	High	Low	Latest	Chge	Opint
Sep 98	95.030	95.000	95.010	—0.020	155,369
Dec 98	96.200	96.160	96.170	Unch.	162,843
Mar 99	96.470	96.410	96.420	—0.030	280,082
Jun 99	96.430	96.370	96.380	—0.030	64,422
Sep 99	96.340	96.320	96.320	—0.030	39,198
Dec 99	96.200	96.170	96.180	—0.030	43,837

Est. sales: 36,999. Prev. sales: 39,445
Prev. open int.: 803,701 up 90

Industrials

COTTON 2 (NCTN)
50,000 lbs.- cents per lb.

	High	Low	Latest	Chge	Opint
Oct 98	74.45	73.65	73.90	-0.60	4,181
Dec 98	74.60	74.15	74.45	-0.23	35,599
Mar 99	73.90	73.50	73.86	unch.	18,487
May 99	73.98	73.69	73.76	-0.13	10,108
Jul 99	74.45	74.20	74.44	+0.14	[illegible]

Est. sales N.A. Thurs sales 7,500
Thurs open int 1, off 83,999

HEATING OIL (NMER)
42,000 gal, cents per gal

	High	Low	Latest	Chge	Opint
Oct 98	40.40	39.00	39.13	-0.48	48,808
Nov 98	41.50	40.20	40.38	-0.39	21,295
Dec 98	42.50	41.55	41.63	-0.38	25,057
Jan 99	43.85	42.65	42.83	-0.33	25,818
Feb 99	44.45	43.35	43.68	-0.38	17,520
Mar 99	44.85	44.08	44.08	-0.38	16,002
Apr 99	44.98	44.18	44.10	-0.38	6,479

Est. sales N.A. Thurs sales 50,142
Thurs open int 187,120, off 458

LIGHT SWEET CRUDE (NMER)
1,000 bbl.- dollars per bbl.

	High	Low	Latest	Chge	Opint
Oct 98	14.97	14.44	14.59	-0.08	102,248
Nov 98	15.15	14.64	14.78	-0.07	50,818
Dec 99	15.34	14.86	14.99	-0.09	75,204
Jan 99	15.40	15.10	15.20	-0.11	38,280
Feb 99	15.70	15.35	15.39	-0.14	19,180
Mar 99	15.78	15.45	15.55	-0.15	16,411

Est. sales N.A. Thurs sales 178,907
Thurs open int 403,497, off 5,307

NATURAL GAS (NMER)
10,000 mm btu's, $ per mm btu

	High	Low	Latest	Chge	Opint
Oct 98	1.860	1.702	1.785	+0.073	57,573
Nov 98	2.090	1.940	2.010	+0.074	32,176
Dec 98	2.350	2.220	2.275	+0.061	[illegible]
Jan 99	2.450	2.330	2.395	+0.061	[illegible]
Feb 99	2.385	2.300	2.345	+0.053	18,390
Mar 99	2.300	2.230	2.260	+0.033	16,275

Est. sales N.A. Thurs sales 45,669
Thurs open int 278,342, up 720

UNLEADED GASOLINE (NMER)
42,000 gal, cents per gal

	High	Low	Latest	Chge	Opint
Oct 98	42.85	41.75	42.50	-0.43	42,714
Nov 98	43.50	42.40	42.66	-0.41	11,708
Dec 99	44.35	43.25	43.50	-0.40	9,764
Jan 99	44.60	44.30	44.40	-0.40	4,162
Feb 99	45.90	45.20	45.20	-0.40	1,928
Mar 99	46.10	46.00	44.08	-0.40	1,761
Apr 99			49.10	-0.40	3,666
May 99			49.80	-0.39	2,931

Est. sales N.A. Thurs sales 32,025
Thurs open int 83,362, up 1,869

GASOIL (IPE)
U.S. dollars per metric ton - lots of 100 tons

	High	Low	Latest	Chge	Opint
Sep 98	117.75	114.75	116.50	+1.00	16,848
Oct 99	120.25	117.75	119.75	+1.50	36,046
Nov 98	122.75	121.00	122.00	+1.25	19,327
Dec 98	126.00	123.75	125.50	+2.00	41,435
Jan 99	128.50	126.50	128.25	+2.25	16,303
Feb 99	130.75	129.00	130.75	+2.50	13,373
Mar 99	132.00	131.25	132.50	+2.25	7,822

Est. sales: 14,000. Prev. sales: 36,010
Prev. open int.: 178,774 up 4,460

BRENT OIL (IPE)
U.S. dollars per barrel - lots of 1,000 barrels

	High	Low	Latest	Chge	Opint
Oct 98	13.72	13.13	13.31	—0.13	62,646
Nov 98	13.89	13.32	13.57	—0.06	39,151
Dec 98	14.11	13.60	13.79	—0.09	41,087
Jan 99	14.24	13.75	13.93	—0.09	30,711
Feb 99	14.25	13.91	14.08	—0.10	10,805
Mar 99	14.49	14.23	14.22	—0.12	11,125
Apr 99	N.T.	N.T.	14.37	—0.13	[illegible]

Est. sales: 30,000. Prev. sales: 71,232
Prev. open int.: 250,102 up 3,560

Stock Indexes

SP COMP INDEX (CMER)
250 x index

	High	Low	Latest	Chge	Opint
Sep 98	994.00	955.00	974.00	-11.00	337,795
Dec 98	1004.00	965.10	984.50	-10.90	84,869
Mar 99	1010.00	979.50	979.50	-25.40	5,784

Est. sales N.A. Thurs sales 185,595
Thurs open int 337,795, off 91,214

FTSE 100 (LIFFE)
£25 per index point

	High	Low	Latest	Chge	Opint
Sep 98	5209.0	5083.0	5175.0	+70.0	182,079
Dec 98	5277.0	5173.0	5247.0	+70.0	34,913
Mar 99	N.T	N.T	5296.0	+69.0	1,087

Est. sales: 24,426. Prev. sales: 38,145
Prev. open int.: 219,973 up 317

CAC 40 (MATIF)
FF200 per index point

	High	Low	Latest	Chge	Opint
Sep 98	3733.0	3613.0	3704.5	+49.5	194,809
Oct 98	N.T.	N.T.	3714.5	+49.5	1,139
Dec 98	3744.0	3658.0	3733.0	+49.5	20,781
Mar 99	N.T.	N.T.	3765.5	+51.5	27,778
Sep 99	N.T.	N.T.	3758.5	+51.5	28,505

Est. sales: 66,130
Open int.: 279,192 up 4,937

Commodity Indexes

	Close	Previous
Moody's	1,235.60	1,229.30
Reuters	1,496.80	1,498.20
D.J. Futures	121.80	121.61
CRB	N.A.	200.80

Sources: Matif, Associated Press, London Int'l Financial Futures Exchange, Int'l Petroleum Exchange.

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Paris Calls Rate Cuts Unlikely

Bloomberg News

PARIS — An interest rate cut by the French and German central banks is not likely, although declines in exports from Asia and Russian will not erode "robust" European growth, Jean-Claude Trichet, the governor of the Bank of France, said Friday.

Interviewed by the television station LCI, Mr. Trichet said interest rates in France and Germany were already at record lows. He said that the two countries had just entered a strong growth cycle and that other European countries already needed to cut their interest rates to converge with France and Germany before the start next year of European monetary union.

His comments echoed those made by the president of the Bundesbank, Hans Tietmeyer, in a speech Thursday night in Frankfurt.

Mr. Trichet was asked about speculation that the next move for interest rates in the United States would be downward, and whether the same applied in France and Europe.

"I don't think it is the same case in Europe," he responded.

With benchmark interest rates already at a postwar low of 3.3 percent in France and Germany, compared with 5.5 percent in the United States and 7.5 percent in Britain, he said: "We are not in the same phase of the cycle. The Anglo-Saxon economies have a three- to four-year advance in their growth cycle."

Mr. Trichet said that France and Germany already had the lowest interest rates of the 11 countries that will adopt the euro next year, when all 11 must share the same interest rate.

Asked about the effect of financial turmoil in Asia and Russia, he said growth would remain "robust" in Europe this year and next because "the luck that Europe has is that it relies on its own forces for growth."

Airbus and Boeing Face Market Downdraft

By Peter Robison
and Andrea Rothman
Bloomberg News

LONDON — Three years into the steepest surge in jetliner production in aviation history, earnings at the world's two biggest aircraft makers are in free fall.

Boeing Co. and Airbus Industrie squandered the boom with steep discounts in a battle for market share. Production snarls also cost Boeing $3 billion.

Now a bust could be around the corner. Orders are drying up from recession-struck Asia. Major U.S. and European carriers are scaling back purchases of large jets and warning of slowing economies. Adding to the gloom is the Swissair crash this week that raised fears that people would avoid flying, as they did during the 1991 Gulf War.

The Asian slump may be "the trigger that sends the industry into decline," said Adam Brown, vice president for strategic planning at Airbus. "We are at the peak of this cycle and we do have to expect in see some downturn in business."

Industry executives contend that any decline this time will not be as severe during the recession of the early 1990s, when airlines lost a collective $15 billion and slashed their aircraft orders by four-fifths, and plane-makers laid off tens of thousands of workers.

So far, Mr. Brown said, only 14 Asian airlines have canceled orders for Airbus jets, while 15 orders have been deferred for up to two years.

Boeing maintains that it stands to lose no more than 90 orders from Asian airlines over the next five years, compared to its 560 total orders last year.

Some analysts say those estimates are too optimistic.

"I'm becoming increasingly wary about how hard that soft landing is going to be," said Chris Partridge, associate director of aerospace finance at Deutsche Bank.

"I don't think we've seen the end of it by any means."

Neither plane-maker has taken much financial advantage of the gains in the current boom, which has seen orders of large jets quadruple to 1,250 last year from about 300 in 1994.

Boeing posted a $178 million loss for last year, its first annual loss in five decades, after trying unsuccessfully to double production to more than 40 jets a month. It ran into unprecedented assembly-line bottlenecks and parts shortages that led it this week to dismiss the head of its commercial airplane unit, Ronald Woodard.

Airbus has appeared the victor this year, obtaining a series of orders from long-time Boeing customers, including British Airways PLC and Iberia SA.

It sold more jets than Boeing in the first half, better than its usual one-third of the world market, and made inroads into Boeing-dominated Latin America with a $3.5 billion sale to a group of four carriers.

The question is whether the company, a partnership of plan-makers in France, Britain, Germany and Spain, will make any money on the sales.

In the first look into Airbus' normally closed books this year, Daimler-Benz Aerospace AG said Airbus's profit plunged 61 percent to $147 million last year, eroded by steep discounts.

The profit margin represents a return of just 1.3 percent on $11 billion in sales.

Some analysts say that Airbus will lose money on its heavily discounted sale of as many as 188 short-haul jets to BA, until now Boeing's most reliable customer.

"Yes, Airbus is stealing market share, but its dollar delivery base is diminishing against Boeing's dollar delivery base," said Mr. Partridge, the Deutsche Bank analyst. "So it's actually losing market share."

Airbus may be winning on orders for narrow-body planes, but Boeing is scooping Airbus on orders for wide-bodies, which cost more.

The problem for Boeing is that the orders for wide-bodies are declining. Boeing said in June that it would cut production of 747s, its most profitable plane, by 30 percent next year.

Boeing shares have fallen 43 percent in the last year while the S&P 500 Index rose 6.4 percent.

The Seattle-based company said this week it would buy back as much as 15 percent of its common stock in a bid to bolster its shares from a three-year low. Boeing shares were trading late Friday at $34.625, up $0.0625.

Boeing still faces one of its biggest challenges ever in curing its stubborn production problems.

Boeing "failed to take advantage in a very big way," said Douglas McVitie, managing director of Arran Aerospace Ltd.

"Now, as the cycle comes to an end, they're going to have to look even harder at stripping out costs."

Fujitsu to Close Its English Chip Plant

Compiled by Our Staff From Dispatches

LONDON — Fujitsu Ltd. said Friday that it would close its only chipmaking factory in England as a glut of dynamic random-access memory chips continued to drive down prices.

The top Japanese computer-maker said the factory, in Newton Aycliffe, would stop production of microchips immediately. The plant, which employs about 570 workers, will be closed in December.

The price for 16-megabit D-RAM chips, the most common memory chips in personal computers, has fallen 70 percent in the past 12 months, to about $2 apiece.

Falling D-RAM prices prompted Hitachi Ltd. to announce Wednesday that it would combine two of its U.S. units, Hitachi Semiconductor and Hitachi Micro Systems Inc., and cut 650 jobs. Also Wednesday, Mitsubishi Electric Corp. said it planned to close a memory-chip assembly plant in Durham, North Carolina, eliminating 230 jobs.

Siemens AG of Germany said last month that it planned to shut its semiconductor plant in Tyneside, England, eliminating 1,100 jobs, only 15 months after it was opened.

Fujitsu's plant in England was built in 1991 at a cost of about 90 billion yen ($653.4 million).

Prime Minister Tony Blair said the British government would help Fujitsu sell the site and assist those who were to lose their jobs.

"Fujitsu have made it clear to me that the decision to close this factory has nothing to do with the quality or dedication of the work force at Newton Aycliffe or the competitiveness of the regional or U.K. economy," he said. *(Reuters, Bloomberg)*

Ukraine Widens Corridor for Hryvna

The Associated Press

KIEV — Under increasing pressure from the financial crisis in neighboring Russia, the Ukrainian government announced Friday a new, wider trading corridor for the national currency, the hryvna.

As of Friday, the Ukrainian central bank will keep the hryvna within a range of 2.5 to 3.5 to the dollar, the cabinet and National Bank said.

"The devaluation of the ruble and loss of stability in neighboring markets have forced Ukraine to take adequate steps in response," the National Bank chief, Viktor Yushchenko, said. The old corridor set the hryvna rate limits at 1.8 to 2.25.

Higher Sales Lift Delhaize Net 30%

Bloomberg News

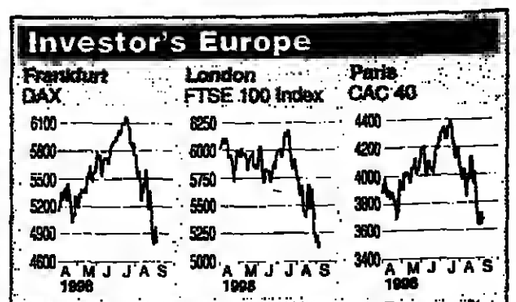
BRUSSELS — Delhaize "Le Lion" SA, Belgium's largest retailer by sales, said Friday that its first-half net income rose 30 percent, above expectations, on its performance at its U.S. unit and an increase in Belgian sales.

Net income in the six months ended June 30 rose to 2.58 billion Belgian francs ($72.6 million) from 1.98 billion francs a year earlier. Analysts had predicted a 21 percent increase, to 2.396 billion francs.

Sales rose to 245.4 billion francs from 228.9 billion francs a year earlier.

Delhaize shares rose 145 francs to close Friday in Belgium at 3,025. The company announced earnings after the stock market closed.

Investor's Europe



Exchange	Index	Friday Close	Prev. Close	% Change
Amsterdam	AEX	1,072.89	1,069.83	+0.27
Brussels	BEL-20	3,291.79	3,225.68	+2.05
Frankfurt	DAX	4,820.25	4,812.18	+0.17
Copenhagen	Stock Market	644.63	645.80	-0.18
Helsinki	HEX General	4,251.92	4,221.64	+0.72
Oslo	OBX	502.50	489.18	+2.72
London	FTSE 100	5,167.00	5,118.70	+0.94
Madrid	Stock Exchange	740.02	742.11	-0.28
Milan	MIBTEL	20349	20412	-0.31
Paris	CAC 40	3,690.75	3,646.46	+1.21
Stockholm	SX 16	3,553.59	3,450.51	+2.99
Vienna	ATX	1,138.55	1,124.76	+1.23
Zurich	SPI	4,210.05	4,174.77	+0.85

Source: Telekurs
International Herald Tribune

Very briefly:

- **Cooper Industries Inc.** of Houston is buying **TLG PLC**, a British manufacturer of lighting products, for £321 million ($540 million). Cooper is selling car-parts businesses to concentrate on its more profitable electrical business.
- **Sweden's** unemployment rate fell to 7.7 percent in August from 9.1 percent in July. Fewer students registered at job centers, and more people were engaged in government programs after the July holiday, the Swedish Labor Board said.
- **WorldCom Inc.'s** British division said Rob McLeod, the managing director, had resigned and would leave the company at the end of the year. WorldCom has applied to buy **MCI Communications Corp.**
- **RAO Rosneft**, a Russian government-owned oil producer that is to be sold next month, will be allowed to export more crude oil this month. But Moscow is continuing to limit the exports of **AO Sidanco** and **AO Onaco** because those private companies missed tax payments, the Fuel and Energy Ministry said.
- **General Electric Co.** plans to spend $27 million on a new electrical parts plant in Ózd, Hungary.
- **NEC Corp.**, a Japanese maker of computers and chips, won European Commission permission to invest a further $225 million in **Packard Bell NEC Inc.**
- **Royal Bank of Scotland PLC** bought complete control of **Citizens Financial Group Inc.** in Rhode Island.
- **The Czech Republic's** current-account deficit narrowed in the first half of the year. The foreign trade balance improved, and services showed a surplus, the central bank said.
- **Koninklijke PTT Nederland NV** plans to fight an order by Dutch regulators to cut the price of local telephone calls.

Bloomberg

WORLD STOCK MARKETS

Friday, Sept. 4
Daily prices in local currencies.
Telekurs

Amsterdam
AEX index: 1072.89
Previous: 1069.83
www.aex.nl

	High	Low	Close	Prev.
ABN-AMRO	44.40	42.80	43.10	43.80
Aegon	184.50	180.00	182.70	178.60
Ahold	61.90	59.10	60.30	51.90
Akzo Nobel	80.20	74.50	78.80	77.20
ASM Litho.	39.90	36.90	37.50	36.90
ASR Verz.	175.50	170.50	175.00	175.00
Baan Co.	61.30	58.90	59.50	60.00
Bols Wess cva	25.00	24.60	24.80	24.80
Buhrmann	47.90	44.70	47.30	47.30
Cap Gemini	141.00	140.10	141.50	141.50
CSM cva	102.00	100.10	102.00	102.40
Dordtsche Pet	88.90	83.50	88.40	83.50
DSM	171.50	168.00	168.00	169.10
Elsevier	27.40	25.40	26.80	25.30
Fortis Amev	130.00	126.30	127.00	126.00
Getronics	97.90	95.00	96.50	97.00
Hagemeyer	69.60	66.80	66.80	67.90
Heineken	90.50	85.50	90.00	88.90
Hoogovens cva	78.00	76.00	74.40	77.00
Hunt Douglas	83.00	80.70	81.30	82.00
IHC Caland	94.50	92.30	93.40	93.20
ING Group	118.10	112.90	112.90	116.50
KLM	64.40	61.90	62.30	64.40
KPN	73.50	68.10	71.30	74.00
Nedlloyd	31.20	30.40	30.40	30.10
Numico	64.00	62.60	63.50	63.20
Oce	71.70	69.50	69.00	70.30
Philips Elec	125.50	116.80	118.70	123.00
Polygram	108.10	107.00	107.80	106.80
Randstad Hdg	133.00	126.00	129.40	131.30
Robeco	196.80	194.50	194.70	197.00
Rodamco	47.10	46.50	46.70	47.40
Rolinco	165.50	164.50	164.50	165.50
Rorento	125.70	125.50	125.50	125.70
Royal Dutch	94.10	89.20	93.50	88.40
TNT Post Group	49.30	47.40	48.60	47.10
Unilever cva	134.60	130.20	132.50	131.90
Vendex	76.90	74.30	75.80	73.40
VNU	83.30	80.90	82.30	81.20
Wolters Kl cva	341.60	337.10	339.50	339.00

Athens
Composite index: 2096.38
Previous: 2117.11
www.ase.gr

	High	Low	Close	Prev.
Commercial Bk	21500	20550	21100	20995
Ergo Bk	25400	24045	24490	25000
Hellenic Bottlg	6270	5940	6060	6010
Hellenic Telecom	6825	6550	6650	6700
Heracles Cement	7870	7560	7710	7790
Natl Bank	40890	39700	39960	40480
Titan Cement	19000	18215	18400	18705

Bangkok
SET index: 207.31
Previous: 207.40
www.set.or.th

	High	Low	Close	Prev.
Adv Info Svc	161.00	151.00	161.00	158.00
Bangkok Bk F	31.00	30.00	30.75	31.00
BEC World	135.00	128.00	135.00	130.00
Delta Electron.	171.00	161.00	170.00	162.00
Elec. Gener. F	60.00	60.00	60.00	60.00
Krung Thai Bk	5.60	5.40	5.60	5.40
PTT Explor F	260.00	254.00	256.00	260.00
Siam Cement F	272.00	272.00	272.00	272.00
Telecomasia F	8.00	7.40	7.80	7.60
Thai Airways	29.00	28.25	28.50	29.25
Thai Farm Bk F	16.25	15.50	16.25	16.25

Bombay
Sensex 30 index: 2975.10
Previous: 2918.89
www.bse-india.com

	High	Low	Close	Prev.
Bajaj Auto	628.75	617.00	620.75	621.00
Bharat Hvy El	245.80	238.20	243.90	239.00
Bharat Petm	232.00	221.00	229.30	219.60
Hindust Lever	1632.50	1617.00	1629.00	1620.25
Hindust Petm	275.00	268.40	273.00	269.70
Ind Dev Bk	54.10	53.50	53.80	54.00
ITC	667.50	639.50	662.75	637.00
Larsen Toubro	176.20	171.00	173.90	171.00
Mahanagar Tel	206.30	201.30	205.10	201.20
Reliance Ind	115.50	107.90	114.60	107.10
State Bk India	189.10	182.50	188.70	183.20
Tata Eng Loco	134.50	129.80	132.60	129.50

Brussels
BEL-20 index: 3291.79
Previous: 3225.68
www.stockexchange.be

	High	Low	Close	Prev.
Almanij	2980	2905	2945	2880
Cobepa	2370	2300	2335	2340
Delhaize Lion	3035	2870	3025	2880
Dexia Belgium	5650	5520	5630	5530
Electrabel	12500	12000	12100	12100
Electrafina	4300	4200	4300	4210
Fortis AG	10125	9950	10000	9850
GBL	6840	6680	6750	6730
Gen Banque	15650	15650	15650	15300
KBC Bankassur	2960	2890	2910	2930
Petrofina	13750	13250	13700	13250
Royale Belge	11225	10700	10700	11800
Soc Gen Belg	4100	4100	4100	4100
Solvay	2440	2310	2320	2300
Tractebel	6140	5780	6140	5740
UCB	202000	196250	201750	195300

Buenos Aires
Merval index: 367.24
Previous: 370.48
www.bcba.sba.com.ar

Thursday, Sept. 3

	High	Low	Close	Prev.
Banco Frances	6.60	6.35	6.50	6.75
Bco Galicia BA	2.95	2.83	2.88	3.00
Perez Companc	4.02	3.83	3.83	4.11
Renault Arg	1.35	1.30	1.35	1.42
Siderar A	2.18	2.04	3.15	2.25
Siderca	1.09	0.99	1.00	1.09
Telecom Arg B	4.90	4.75	4.75	5.10
Telefonica B	2.42	2.29	2.30	2.50
YPF D	23.20	21.80	22.10	24.25

Copenhagen
Stock index: 644.63
Previous: 645.80
www.xcse.dk

	High	Low	Close	Prev.
BG Bank	370	360	365	360
Carlsberg B	440	429.50	429.50	440
Danisco	438	430	435.63	432
Den Danske Bk	820	800	800	810
D/S Svendborg B	61000	58500	58971	59500
D/S 1912 B	61000	41000	41541.50	42000
Novo Nordisk B	945	[illegible]	925	925
Ratin B	1135	1110	1120	1138.85
Tele Danmark B	730	698	725	704.50
Unidanmark A	545	520	541.49	535

Frankfurt
DAX: 4820.25
Previous: 4812.18
www.exchange.de

	High	Low	Close	Prev.
AMB R	255.00	249.00	251.00	252.00
Adidas	209.00	201.00	206.00	202.00
Allianz	523.00	501.00	510.00	503.00
Altana	119.00	112.00	114.00	113.00
Audi	1620.00	1600.00	1600.00	1600.00
Avn Colonia	200.00	197.00	197.00	203.00
Bk Berlin	30.90	29.80	30.50	30.00
BASF	68.80	66.50	66.50	66.90
Bayer	67.40	65.75	65.90	66.00
Bayer Hypo Bk	109.00	104.00	105.00	105.00
Bay. Vereinsbank	137.70	128.00	128.00	137.00
Beiersdorf	95.00	93.00	95.00	93.50
Bewag	73.50	71.00	72.50	74.00
BHW Holding	28.00	27.20	28.00	27.50
BMW	1260.00	1200.00	1230.00	1210.00
Commerzbank	52.10	50.20	50.20	51.00
Daimler Benz	166.00	159.00	160.30	161.00
Degussa	82.30	79.50	79.50	80.50
Deutsche Bank	110.20	106.35	106.35	108.50
Deut Telekom	51.70	49.20	51.20	50.30
Dresdner Bank	73.50	71.00	71.00	73.00
Energie BW	73.00	73.00	72.00	73.00
Ergo Vers.	265.00	258.00	262.00	255.00
Fresenius	230.00	229.00	230.00	229.00
Fresenius Med	86.50	81.00	85.80	81.00
Fr. Krupp Hoes	257.00	249.00	249.00	252.00
Gehe	105.50	100.00	101.00	104.00
Heidelbg Zmt	136.00	133.00	136.00	138.00
Henkel pfd	139.50	131.00	137.00	133.00
Hoechst	70.30	67.50	69.00	67.20
Karstadt	774.00	765.00	769.00	770.00
Lahmeyer	82.50	81.50	82.50	81.50
Linde	1025.00	985.00	1018.00	975.00
Lufthansa R	43.20	41.00	42.90	41.60
MAN	475.50	451.00	452.00	459.50
Mannesmann	168.50	160.00	166.90	160.20
Metallgesellschaft	31.00	30.10	30.50	30.80
Metro	99.00	96.00	96.80	97.20
Munch Rueck R	690.00	640.00	662.00	648.00
Preussag	610.00	575.00	575.00	605.00
RWE	94.00	91.00	91.50	92.50
RWE-DEA	N.T.	N.T.	N.T.	485.00
SAP	940.00	905.00	923.00	917.00
Schering	178.00	169.50	174.80	170.70
Siemens	115.00	112.30	113.90	113.00
Springer (Axel)	1180.00	1055.00	1055.00	1070.00
Thyssen	349.00	331.00	331.00	339.50
Veba	100.00	94.00	96.00	98.00
VEW	518.00	514.50	518.00	515.00
Viag	1290.00	1160.00	1262.00	1190.00
Volkswagen	128.50	123.20	123.50	123.50
Wuertem. Vers.	2600.00	2600.00	2600.00	2600.00

Helsinki
HEX General index: 4251.92
Previous: 4221.64
www.hse.fi

	High	Low	Close	Prev.
Cultor 2	69.00	47.00	67.00	68.00
Enso R	45.00	44.00	44.50	44.00
Huhtamaki I	260.00	250.00	255.00	255.00
Merita A	26.40	25.20	26.00	25.00
Metra B	143.00	140.00	141.00	140.00
Nokia A	393.00	370.00	382.00	380.00
Orion-Yhtymae	124.00	116.10	118.10	125.00
Outokumpu	53.50	50.50	51.00	51.50
Pohjola Ins. B	198.00	195.00	198.00	198.00
Raisio V	66.50	57.00	63.00	61.00
Sampo Ins. A	182.00	175.00	175.00	182.00
UPM Kymmene	116.00	111.00	114.00	111.50

Hong Kong
Hang Seng: 7488.47
Previous: 7318.99
www.sehk.com.hk

	High	Low	Close	Prev.
Amoy Props	4.60	3.95	4.60	4.15
Bk East Asia	9.80	8.30	9.80	8.40
Beijing Ent.	8.10	6.40	8.05	6.65
Cathay Pacific	6.65	5.75	6.30	5.85
Cheung Kong	31.00	29.80	30.40	30.40
CK Infrastruct	15.40	13.60	15.10	14.10
China Merchant	3.95	3.45	3.90	3.45
China Overseas	0.79	0.68	0.77	0.70
China Resource	6.65	5.75	6.55	5.85
CLP Holdings	35.10	33.20	34.90	33.60
Citic Ka Wah Bk	2.05	1.80	2.05	1.82
Citic Pacific	9.95	9.05	9.75	9.25
Cosco Pacific	2.10	1.80	2.10	1.86
Dao Heng Bk	7.50	6.80	7.45	6.95
Hang Lung Dev	7.15	6.30	7.15	6.50
Hang Seng Bk	44.10	43.00	43.50	43.80
Henderson Inv	4.08	3.80	3.98	3.88
Henderson Ld	24.20	23.30	23.95	23.90
HK China Gas	8.40	8.00	8.40	8.25
HK Electric	24.10	22.80	23.90	23.40
HK Telecomm	14.90	13.50	14.90	14.00
HSBC Hdgs	156.00	150.00	154.00	157.50
Hutchison Wh	35.90	33.20	35.50	34.10
Hysan Dev.	5.35	5.15	5.30	5.25
Johnson El Hdg	13.90	12.80	13.30	14.00
Natl Mutual	3.18	3.00	3.05	3.00
New World Dev.	8.45	8.10	8.50	8.30
New World Inf.	5.15	4.25	4.95	4.35
Shanghai Ind.	14.10	17.00	13.85	11.20
Shangri-La Asia	4.95	4.80	4.90	4.88
SHK Props	23.75	22.50	23.50	22.85
Sino Land Co.	2.05	1.99	2.05	2.05
Swire Pac A	21.15	20.30	21.00	21.05
Wharf Hdgs	8.25	7.40	8.25	7.95
Wheelock	4.25	4.00	4.13	4.10
Yue Yuen Ind.	14.00	13.95	14.00	14.80

Istanbul
National 100 index: 2637.71
Previous: 2548.22
www.ise.org

	High	Low	Close	Prev.
Akbank	5400	4800	5400	5100
Anadolu Isuzu	12000	10750	11750	11250
Haci Omer Sab	3950	3550	3900	3650
KOC Holding	28000	25000	27500	26000
Tupras	24750	22000	24750	22750
Turk Hava	17000	15500	17000	16000
Turk Bankasi	8400	7700	8400	8000

Jakarta
Composite index: 325.56
Previous: 324.79
www.jsx.co.id

	High	Low	Close	Prev.
Astra Intl	575	525	525	575
Gudang Garm	7850	7775	7800	7975
Indah Kiat	2500	2400	2400	2550
Indocement	3600	3300	3500	3600
Indofood	2100	1875	1925	2025
Indorama Syn	1450	1450	1450	1450
Indosat	7300	6875	6975	7250
Sampoerna HM	2275	2125	2175	2275
Semen Gresik	7250	6700	6975	7300
Telekomunikasi	2100	2000	2100	2150
[illegible] Perk	2975	2975	2975	2975
Timah	4750	4400	4400	4725

Johannesburg
All Market: 4876.99
Previous: 4791.99
www.jse.co.za

	High	Low	Close	Prev.
ABSA Group	17.50	16.50	16.60	17.20
AngloAm Corp	184.00	174.40	181.20	171.80
AngloAm Ind	81.00	69.30	80.00	69.00
AngloAm Plat	90.00	81.00	87.20	82.00
Barlow	25.00	24.00	24.00	25.10
Bidvest Grp	34.80	34.00	35.40	36.00
Billiton	12.40	11.70	12.05	11.50
BOE	3.60	3.37	3.50	3.47
Coronation N	57.00	55.00	56.50	55.00
De Beers	80.50	77.00	80.50	78.00
Dimension Data	21.30	19.25	19.50	21.40
Fedsure Hdgs	30.00	25.95	26.75	30.00
FirstRand	5.20	4.80	4.85	5.10
Genbel Sec	30.00	26.15	27.10	30.00
Imperial Hdgs	42.90	40.00	42.00	48.00
Investec Hdgs	139.60	137.00	137.00	141.00
Johnnies Indl	40.00	33.00	34.95	40.00
Liberty Hdgs	215.20	212.00	212.20	214.00
Liberty Life	85.50	82.50	83.90	82.00
LibLife Strat	10.00	9.65	9.70	9.45
Mut Life	8.40	7.50	7.80	8.40
Minorco	71.50	69.00	69.00	69.00
Nampak	9.10	8.80	9.10	8.80
Nedcor	72.00	69.00	71.00	72.00
Persetel Q Data	38.50	33.10	35.70	38.50
Primedia Uts	17.10	16.80	16.80	17.10
Rembrandt Gp	33.50	30.50	32.00	30.30
Richemont	63.40	61.50	62.40	51.70
SA Breweries	91.00	87.00	88.10	88.80
Sasol	27.00	25.30	26.00	26.50
SBIC	14.00	13.80	13.10	13.15
Smith (C.G.)	12.80	12.00	12.80	11.95
Tiger Oats	49.00	48.00	48.00	48.00

Kuala Lumpur
Composite: 343.44
Previous: 312.87
www.klse.com.my

	High	Low	Close	Prev.
Berjaya Sports	2.79	2.28	2.49	2.25
Genting	7.58	7.00	7.35	7.00
Golden Hope	3.00	2.42	3.00	2.55
KL Kepong	4.24	3.98	4.02	3.80
Magnum	1.14	0.93	1.09	0.92
Mal Banking	3.82	3.40	3.78	3.40
Mal Intl Ship F	3.98	3.20	3.66	3.18
Petronas Gas	5.85	5.00	5.70	5.00
Public Bk F	1.17	0.93	1.08	0.89
Resorts World	3.60	3.20	3.50	3.12
RHB Capital	1.54	1.20	1.51	1.11
Rothmans PM	17.70	14.70	17.60	14.60
Sime Darby	2.38	1.95	2.35	1.90
Telekom Mal	5.90	5.50	5.75	5.50
Tenaga	3.38	2.66	3.34	2.66
YTL	3.24	2.75	3.16	2.75
YTL Power	2.20	1.90	2.16	1.90

London
FT-SE 100: 5167.00
Previous: 5118.70
www.stockex.co.uk

	High	Low	Close	Prev.
Abbey Natl	11.90	10.59	10.86	11.06
Alliance Leic	8.60	8.30	8.53	8.52
Allied Domecq	5.08	4.87	5.00	4.88
Amvescap	4.55	4.17	4.40	4.35
Anglian Water	8.75	8.50	8.75	8.64
ASDA Group	1.93	1.83	1.86	1.88
Assoc Br Foods	5.25	4.92	5.23	4.85
BAA	6.15	5.93	6.04	6.05
Bank Scotland	6.05	5.81	5.81	5.98
Barclays	12.33	11.72	12.23	11.88
Bass	9.00	7.83	8.27	8.16
BAT Ind	5.93	5.73	5.80	5.83
BG	3.57	3.51	3.56	3.52
Billiton	1.23	1.14	1.23	1.13
Blue Circle	2.88	2.72	2.76	2.83
BOC Group	8.05	7.52	7.86	7.74
Boots	10.38	9.90	10.09	10.34
Brit Assur	12.07	11.93	12.87	12.05
Brit Aerosp	3.98	3.79	3.85	3.86
Brit Airways	4.50	4.15	4.38	4.41
Brit Energy	5.75	5.43	5.58	5.50
Brit Land	5.37	5.20	5.33	5.26
Brit Petm	7.74	7.31	7.64	7.44
Brit Steel	1.09	1.06	1.07	1.09
Brit Telecom	7.94	7.70	7.82	7.94
BSkyB	4.76	4.42	4.63	4.46
BTR	1.35	1.30	1.32	1.30
Burmah Castrol	9.45	9.10	9.26	9.15
Cable Wireless	5.97	5.59	5.83	5.92
CW Comms	4.85	4.63	4.84	4.90
Cadbury Schw	8.40	8.00	8.03	8.35
Carlton Comm	4.15	3.99	3.93	4.00
Centrica	0.92	0.88	0.91	0.91
CGU	9.20	8.90	9.07	9.11
Compass Group	5.55	5.24	5.53	5.31
Daily Mail A	22.00	21.00	21.78	22.18
Diageo	5.86	5.71	5.85	5.80
Dixons Group	5.90	5.50	5.52	5.54
EMAP	9.35	8.79	9.36	8.97
EMI Group	4.20	4.00	4.19	4.05
Enterprise Oil	3.55	3.17	3.51	3.24
Gallaher Group	3.80	3.70	3.80	3.71
GEC	4.23	4.13	4.27	4.19
GKN	6.60	6.25	6.35	6.45
Glaxo Wellcome	18.39	17.75	18.09	17.73
Granada Group	8.43	7.80	8.22	7.88
GRE	2.67	2.40	2.55	2.40
GUS	7.45	7.32	7.42	7.26
Halifax	7.45	7.10	7.22	7.33
Hays	8.00	7.51	7.64	7.87
HSBC Hdgs	11.80	10.96	11.00	11.39
HSBC Hdgs 75p	11.86	11.26	11.30	11.60
ICI	5.99	5.82	5.87	5.87
Impl Tobacco	5.50	5.17	5.20	5.35
Kingfisher	5.11	4.99	5.02	4.99
Ladbroke	2.31	2.24	2.28	2.27
Land Sec	9.43	8.92	8.99	9.00
Lasmo	1.64	1.53	1.57	1.54
Legal Genl Grp	6.75	6.57	6.72	6.77
Lloyds TSB Grp	6.98	6.52	6.60	6.63
LucasVarity	2.10	1.99	2.01	2.08
Marks Spencer	5.37	5.21	5.30	5.32
MEPC	4.99	4.93	4.96	4.97
Misys	25.75	24.51	25.00	24.90
National Grid	4.15	4.00	4.10	4.03
National Power	5.23	5.08	5.16	5.00
NatWest	9.65	9.25	9.39	9.36
Next	4.55	4.42	4.42	4.44
Northern Rock	5.33	4.90	5.23	5.24
Norwich Union	4.46	4.11	4.18	4.28
Nycomed Amer	3.80	3.70	3.77	3.60
Orange	5.70	5.49	5.65	5.44
P&O	6.88	6.76	6.83	6.74
Pearson	9.67	9.35	9.40	9.60
PowerGen	7.98	7.68	7.86	7.59
Provident Fin	9.30	8.50	9.00	8.55
Prudential	8.70	8.16	8.38	8.33
Railtrack Group	14.45	14.30	14.28	14.37
Rank Group	2.85	2.57	2.64	2.54
Reckitt Colman	10.00	9.30	9.39	9.90
Reed Intl	4.94	4.53	4.94	4.45
Rentokil Initial	3.66	3.51	3.56	3.44
Reuters Group	4.97	4.82	4.95	4.88
Rio Tinto R	6.10	5.70	6.00	5.75
RMC Group	7.60	7.40	7.58	7.57
Rolls Royce	1.90	1.80	1.84	1.86
Royal Bk Scot	8.60	8.11	8.23	8.47
Royal & Sun All	5.25	5.02	5.05	5.16
Safeway	3.37	3.17	3.24	3.33
Sainsbury	5.48	5.11	5.28	5.24
Schroders	14.02	12.75	12.90	12.51
Scot Newcastle	7.40	7.17	7.30	7.11
Scot Power	6.20	6.02	6.10	6.13
SEMA Group	5.88	5.63	5.86	5.80
Severn Trent	10.25	9.90	10.25	10.04
Shell Transp R	3.42	3.35	3.46	3.30
Siebe	2.22	2.07	2.22	2.10
SmithKline	7.22	6.75	7.10	6.76
Smiths Ind	6.88	6.65	6.82	6.65
Sthern Elec	5.62	5.49	5.60	5.57
Stand Charter	4.60	4.15	4.25	4.46
Sun Life Prov	5.35	5.00	5.10	5.06
Tate & Lyle	4.30	4.15	4.22	4.21
Tesco	1.77	1.65	1.69	1.74
Thames Water	10.95	10.60	10.85	10.83
3i Group	5.30	4.50	5.15	5.00
TI Group	3.93	3.80	3.93	4.00
Tomkins	2.45	2.36	2.40	2.42
Unilever	5.65	5.52	5.60	5.56
Utd News	6.35	6.10	6.20	6.30
Utd Utilities	8.82	8.56	8.70	8.42
Vodafone	7.40	7.21	7.37	7.24
Whitbread	7.41	7.00	7.27	7.20
Williams Hdgs	3.29	3.12	3.20	3.25
Wolseley	2.97	2.85	2.90	2.94
Woolwich	3.39	3.20	3.26	3.34
WPP Group	3.38	3.23	3.31	3.40
Zeneca	22.25	21.80	21.82	22.06

Madrid
Bolsa index: 740.02
Previous: 742.11
www.bolsamadrid.es

	High	Low	Close	Prev.
ACESA	2255	2205	2215	2220
Aguas Barcelon	7100	6970	7090	6970
Argentaria	2865	2750	2800	2730
BBV	1985	1848	1870	1960
Banesto	1815	1780	1795	1835
Bankinter	4490	4320	4520	4520
Bco Centro Hisp	1440	1335	1395	1450
Bco Popular	10100	9800	9800	10000
Bco Santander	2800	2600	2610	2760
Catalana Occid	4000	3800	3800	3890
CEPSA	4580	4465	4500	4425
Continente	4300	4050	4145	4300
Corp Mapfre	3890	3765	3840	3900
Endesa	3150	3030	3145	3065
FECSA	1455	1405	1430	1420
Fom Constr	6590	6420	6550	6600
Gas Natural	9830	9280	9810	9250
Grupo Acciona	33450	33000	33000	33000
Iberdrola	2450	2350	2440	2375
Pryca	3290	3115	3170	3208
Repsol	6710	6620	6850	6640
Sevillana Elecr	1695	1625	1690	1625
Tabacalera	3375	3205	3270	3225
Telefonica	5720	5550	5620	5690
Union Fenosa	2060	1995	2060	1985
Valenc Cement	3370	3250	3290	3355

Manila
PSE index: 1159.28
Previous: 1192.95
www.pse.com.ph

	High	Low	Close	Prev.
Ayala	5.60	5.30	5.30	5.60
Ayala Land	6.10	5.50	5.60	6.30
Bk Philip Isl	66.50	66.00	66.00	67.00
Manila Elec A	58.00	57.50	58.00	58.50
Manila Elec B	69.50	66.50	67.00	71.00
Metro Bank	135.00	130.00	131.00	134.00
Petron	2.65	2.60	2.60	2.45
Phil Long Dist	785.00	765.00	770.00	790.00
San Miguel A	37.00	36.50	37.00	37.00
San Miguel B	40.50	39.50	40.00	42.00
SM Prime Hdg	5.50	5.40	5.40	5.50

Mexico
Bolsa index: 3825.46
Previous: 3782.29
www.bmv.com.mx

	High	Low	Close	Prev.
Alfa A	24.50	23.90	24.10	24.50
Banacci B	8.90	8.00	8.00	8.80
Bancomer B	1.36	1.31	1.32	1.33
Bimbo A	16.78	16.56	16.56	16.78
Carso A1	25.60	24.30	24.30	25.50
Carso Gl Tel A1	19.00	18.40	18.40	18.70
Cemex CPO	20.40	18.98	19.00	20.25
Cifra C	10.70	10.66	10.70	10.80
Inbursa B	15.50	15.00	15.00	16.00
KimClark Mex A	22.80	21.40	21.40	22.25
Televisa CPO	98.80	95.70	95.70	97.00
TelMex L	19.20	18.48	18.48	18.90

Late trading

Milan
MIB Telematico: 20349.00
Previous: 20412.00
www.borsaitalia.it

	High	Low	Close	Prev.
Alleanza Assic	21700	20550	20950	21050
Bca Comm Ital	11390	10250	10850	11450
Bca Fideuram	10900	9200	9640	9900
Bca Intesa	8205	7600	7630	8130
Bca Pop Verona	164600	162000	162200	163300
Bco di Roma	3070	2750	2900	3050
Benetton	2830	2750	2815	2725
Compart	1324	1240	1277	1280
Credito Italiano	7930	7210	7250	7610
Edison	15950	15630	15950	15810
ENI	9830	9205	9810	9100
Fiat	5635	5160	5200	5400
Fondiaria Assic	8775	8015	8240	8495
Generali Assic	57100	55300	55900	56600
IFIL rnc	3850	3670	3715	3770
IMI	25350	23850	23600	24950
INA	4250	4068	4145	4175
Italgas	7840	7590	7820	7690
Mediaset	10880	10405	10790	10500
Mediobanca	18050	17250	17300	17780
Montedison	1940	1840	1840	1880
Olivetti	3645	3305	3375	3575
Parmalat	2580	2500	2580	2520
Pirelli	5000	4815	4840	4990
RAS	20900	19800	20350	20400
Rolo Banca	40200	37000	38300	39500
S Paolo Torino	24580	22100	22700	23500
Telecom Italia	13570	13175	13410	13090
TIM	11350	10900	11100	10960

Montreal
Industrials index: 3453.12
Previous: 3459.82
www.me.org

	High	Low	Close	Prev.
BCE Mob Com	37.50	36.25	37.90	36.50
Biochem Pharma	37.90	27.45	37.65	27.35
Cdn Util A	29.00	28.60	28.85	29.75
CT Finl Svc	49.00	49.00	49.00	49.95
Gt-West Lifeco	44.00	42.00	43.50	42.70
Imasco	27.15	27.05	27.15	27.05
Investors Grp	20.25	19.00	19.00	20.25
Loblaw Cos	30.20	30.20	30.20	30.00
Natl Bk Canada	20.50	20.10	20.20	20.25
Power Corp	29.35	28.40	28.80	29.25
Power Finl	29.35	28.75	28.90	29.25

Late trading

Oslo
OBX index: 502.50
Previous: 489.18
www.ose.no

	High	Low	Close	Prev.
Aker A	92.00	87.00	90.00	90.00
Aker Maritime	100.00	94.00	96.50	89.50
Bergesen Dy A	100.00	98.00	98.00	98.50
Christiania Bk	25.50	24.80	25.20	24.30
Den norske Bk	28.00	27.00	27.20	27.20
Kvaerner	171.00	124.00	128.00	121.50
Netcom	199.00	188.00	192.00	200.00
Norsk Hydro	282.00	275.00	281.00	271.00
Norske Skog A	201.00	199.00	201.00	199.00
Nycomed Amer	50.00	46.00	49.50	50.00
Orkla A	112.00	110.00	111.00	110.00
Petm GeoSvc	122.00	114.00	121.00	103.00
Saga Petm A	82.00	80.00	80.00	77.00
Schibsted	94.00	93.80	93.00	91.00
Storebrand	51.00	50.00	50.00	48.00

Paris
CAC-40: 3690.75
Previous: 3646.46
www.bourse-de-paris.fr

	High	Low	Close	Prev.
Accor	1422	1373	1385	1392
AGF	327.90	323	325.20	324
Air Liquide	829	800	829	815
Alcatel Alsth	972	935	963	937
Alstom	137.30	130.30	137.20	131.50
Axa	634	587	596	615
BIC	331	316.50	324	316.10
BNP	361.90	339.10	356.80	352
Bouygues	1134	1085	1118	1097
Canal Plus	1327	1300	1327	1300
Cap Gemini	910	866	866	888
Carrefour	3789	3700	3700	3793
Casino	555	520	536	523
CCF	412	390	390	400.10
Christian Dior	568	550	550	571
Danone	1558	1529	1546	1533
Dassault Sys	287.90	272	287	275
Dexia France	792	772	784	763
Elf-Aquitaine	679	621	677	611
Eridania BS	1130	1101	1120	1130
Essilor Intl	2445	2310	2310	2386
Eurodisney	9.78	9.35	9.35	9.80
Eurotunnel	5.80	5.65	5.55	5.65
France Telecom	443	424.10	430	428.50
Lafarge	473	450.10	472.80	450.10
Lagardere	217.50	211.30	216	214.50
Legrand	1414	1337	1385	1373
L'Oreal	3405	3250	3380	3326
LVMH	976	941	942	962
Michelin B	254.80	245	245	250.10
Paribas A	479.50	463.20	469.10	478
Pechiney A	182	175.60	178.10	177.60
Pernod Ricard	407	399.10	405	400
Peugeot Cit	949	932	939	942
Pinault-Print	1039	1001	1001	1000
Promodes	3800	3701	3779	3784
Renault	250	241.50	248	240.20
Rexel	480	452	474	470
Rh-Poulenc A	287.50	275.20	278.90	283
Sanofi	780	730	745	730
Schneider	334	317.70	320	331
STMicroelec	355	330	336	334
Ste Generale A	947	906	920	936
Sodexho Alliance	1114	1081	1100	1111
St Gobain	893	855	878	885
Suez Lyon Eaux	1012	987	1003	999
Synthelabo	985	957	981	952
Thomson CSF	192	178.60	188.80	178.20
Total B	647	601	640	596
Usinor	62.90	60.50	60.95	61.85
Valeo	450	430.30	450	428
Vivendi	1293	1255	1290	1246

Prague
PX 50 index: 388.60
Previous: 378.78
www.pse.cz

	High	Low	Close	Prev.
Ceska Sporitelna	172.76	157.06	170	149.59
CEZ	589	549	582.70	547.10
Ceska Plavba	58	58	58	58
Cokoladovny	5650	5650	5650	5650
Komercni Banka	692	680	682.70	680.20
SPT Telecom	388	371.20	382.90	370.60
Unipetrol	66.70	65	66.02	63.12

São Paulo
Bovespa index: 5589.80
Previous: 6218.51
www.bovespa.com.br

	High	Low	Close	Prev.
Bco Brasil Pfd	9.86	8.30	8.30	9.60
Bradesco Pfd	6.80	6.00	6.00	6.60
Brahma Pfd	535.00	480.00	480.00	535.00
Cemig Pfd	23.00	19.99	19.99	22.00
CESP Pfd	16.60	15.00	15.00	15.90
Copel Pfd B	5.96	4.70	4.70	5.75
Eletrobras	19.20	16.30	16.50	18.10
Eletropaulo Pfd	48.99	43.00	43.00	47.00
Gerdau Pfd	11.70	10.00	10.00	11.50
Itaubanco Pfd	515.00	460.00	465.00	500.00
Light Servicos	242.00	220.00	220.00	242.00
Petrobras Pfd	138.00	120.00	122.00	133.00
SABESP	89.00	75.00	75.50	85.00
Telebras Pfd	80.50	69.00	69.00	76.70
Telerj Pfd	42.00	35.00	36.00	40.01
Telesp Pfd	155.00	126.00	129.00	150.01
CVRD Pfd	15.50	13.80	13.80	15.50

Late trading

Seoul
Composite index: 314.22
Previous: 314.78
www.kse.or.kr

	High	Low	Close	Prev.
Daewoo Heavy	4920	4790	4790	4790
Hyundai Elec.	31000	30400	30900	31000
Kookmin Bank	3910	3740	3750	3740
Korea El Pwr	18000	17700	17850	17650
LG Electronics	11300	10900	11050	11200
LG Semicon	11500	10500	10500	11050
Pohang Iron St	46100	44500	46000	45300
Samsung Display	35950	34500	34800	35000
Samsung Elec	45900	44900	45400	44900
Samsung Fire	255000	243500	250000	243000
Shinhan Bank	3280	3150	3170	3230
SK Telecom	430000	422500	425000	430000

Shenzhen
B shares index: 51.43
Previous: 56.63

	High	Low	Close	Prev.
Bengang Steel	0.98	0.89	0.98	0.89
China Intl Marin	3.76	3.52	3.70	3.44
Guangdg El Pwr	2.57	2.34	2.57	2.34
Konka Group	4.35	4.10	4.35	3.96
Shendg Chemn	2.64	2.38	2.57	2.40
SZ Fangda	5.42	4.97	5.40	4.93
Shenzhen Seg	1.90	1.75	1.90	1.73
Tsann Kuen	1.40	1.26	1.26	1.29

B shares only quoted in Hong Kong dollars.

Singapore
Straits index: 805.84
Previous: 812.78
www.ses.com.sg

	High	Low	Close	Prev.
City Devts	2.71	2.49	2.68	2.60
Cycle Carriage	2.25	2.10	2.15	2.27
Dairy Farm Int*	0.97	0.93	0.96	0.94
DBS foreign	5.35	5.00	5.30	5.50
DBS Land	0.99	0.94	0.96	0.99
Fraser & Neave	3.04	2.88	2.88	2.99
HK Land*	0.86	0.80	0.86	0.83
Jard Matheson*	1.73	1.67	1.69	1.70
Jard Strategic*	1.08	1.00	1.00	1.10
Keppel Corp.	1.45	1.38	1.38	1.43
OCBC foreign	3.90	3.78	3.90	3.90
OS Union Bk F	2.00	1.88	1.88	2.00
Sing Air foreign	7.30	7.10	7.15	7.10
Sing Land	2.12	2.05	2.07	2.09
Sing Press	13.10	12.80	12.90	13.10
Sing Tech Eng	1.49	1.45	1.48	1.48
Sing Tech Ind	1.23	1.20	1.21	1.21
Sing Telecomm	2.64	2.53	2.62	2.59
Utd O'Sea Bk F	4.00	3.78	3.78	4.00

*: In U.S. dollars.

Stockholm
SX 16 index: 3553.59
Previous: 3450.51
www.xsse.se

	High	Low	Close	Prev.
AGA B	109.00	106.00	109.00	106.50
ABB A	92.00	87.50	92.00	89.00
ABB B	91.00	86.00	91.00	88.00
AssiDoman	196.00	175.00	187.00	181.00
Astra A	134.00	128.50	133.50	129.00
Astra B	129.50	124.00	129.50	124.00
Atlas Copco A	181.50	166.00	179.00	166.50
Electrolux B	122.00	112.00	122.00	112.00
Ericsson B	181.00	172.50	180.00	176.50
Forenings Spar	190.00	176.00	184.00	178.00
Hennes B	550.00	522.00	550.00	524.00
Incentive A	88.50	83.00	86.00	86.00
Investor B	365.00	345.00	364.00	350.50
NetCom Sys	293.00	285.00	291.00	282.00
Nordbanken Hdg	44.50	42.00	44.40	42.40
Pharm/Upjohn	379.00	348.50	365.00	351.00
Sandvik B	170.00	160.00	169.50	160.00
Scania B	176.50	173.50	175.00	175.50
SCA B	177.00	149.00	176.00	173.50
S-E Banken A	95.50	91.50	94.00	92.50
Skandia Fors	115.00	107.00	108.50	108.00
Skanska B	336.00	318.00	328.00	324.00
Stora A	96.00	93.00	94.50	93.00
Sv Handels A	329.00	308.00	318.00	309.00
Volvo B	208.50	200.00	206.50	199.50

Sydney
All Ordinaries: 2594.80
Previous: 2513.20
www.asx.com.au

	High	Low	Close	Prev.
Amcor	6.07	5.80	5.83	5.96
AMP	21.30	21.00	21.17	21.10
ANZ Bkng	8.63	8.43	8.55	8.52
Aust. Gas Light	10.75	10.43	10.64	10.50
BHP	12.92	12.72	12.89	12.75
Boral	2.35	2.28	2.29	2.31
Brambles Ind.	33.20	32.55	33.00	33.09
CBA	19.48	19.25	19.33	19.25
CC Amatil	4.59	4.15	4.58	4.15
Coles Myer	6.86	6.75	6.78	6.76
Colonial	4.79	4.65	4.75	4.77
Comalco	5.88	5.74	5.85	5.74
CSR	3.51	3.45	3.47	3.50
Fosters Brew	3.59	3.51	3.53	3.56
Gen. Prop. Tr.	2.46	2.42	2.44	2.43
Lend Lease	33.95	32.90	33.00	34.00
Nat Aust Bank	21.40	20.84	20.95	21.50
Nat Mutual Hdg	3.25	3.03	3.25	3.10
News Corp	10.55	10.28	10.35	10.69
Pioneer Intl	3.38	3.21	3.26	3.22
Pub Broadcast	6.40	6.15	6.20	6.40
Rio Tinto	17.75	17.56	17.70	17.74
St George Bank	10.95	10.75	10.95	10.91
Southcorp	4.64	4.54	4.54	4.60
Telstra	4.47	4.35	4.35	4.45
WMC	4.69	4.55	4.68	4.52
Westfield Trust	3.18	3.13	3.18	3.15
Westpac Bkng	9.22	8.90	9.00	9.24
Woodside Pet	7.87	7.72	7.74	7.73
Woolworths	5.40	5.32	5.49	5.32

Taipei
Stock Market index: 6463.15
Previous: 6251.38
www.tse.com.tw

	High	Low	Close	Prev.
Acer	31.20	29.30	31.20	29.40
Adv. Semi	47.90	46.00	47.10	47.00
Asustek Comp.	229.00	220.00	227.00	229.00
Cathay Life Ins.	95.00	90.00	93.00	90.00
Chang Hwa Bk	50.50	47.50	50.50	47.50
China Developmt	59.00	55.00	58.50	56.00
China Steel	20.60	19.50	20.40	19.50
First Comm. Bk	48.40	45.30	48.40	45.30
Formosa Plastic	37.20	34.80	37.20	34.80
Hon Hai Prec.	152.00	147.00	149.50	150.00
Hua Nan Bk	50.00	47.00	50.00	46.90
Intl Comm. Bk	38.50	34.50	35.90	34.30
Nan Ya Plastics	31.30	29.50	31.20	29.30
Shin Kong Life	46.50	43.70	46.10	43.50
Taiwan Semi	58.50	56.50	57.50	57.50
Utd Micro Elec.	31.20	30.00	30.80	30.20
Utd World Chin.	30.90	28.50	30.90	28.90

Market Closed

The stock market in Tel Aviv is closed on Fridays.

Tokyo
Nikkei 225: 14042.91
Previous: 14261.24
www.tse.or.jp

	High	Low	Close	Prev.
Acom	7300	7180	7100	7340
Advantest	5780	5450	5560	5800
Ajinomoto	1090	1061	1079	1094
All Nippon Air	450	437	439	446
Asahi Bank	448	435	445	445
Asahi Brew	1664	1645	1645	1673
Asahi Chem	430	422	422	428
Asahi Glass	714	700	701	713
Bk Tokyo Mitsu	1099	1040	1045	1113
Bridgestone	3080	3040	3080	3080
Canon	2880	2835	2835	2960
Cent. Japan Ry	5920a	5860a	5890a	5900a
Chubu Elec	2085	2075	2080	2080
Chugoku Elec	2095	2075	2090	2100
Dai Nipp Print	2005	1980	1996	1993
Dai-Ichi Kang	640	613	628	646
Daiwa House	1144	1110	1127	1147
Daiwa Sec	465	438	450	487
DDI	3590a	3280a	3300a	3570a
Denso	2170	2140	2150	2140
East Japan Ry	6900a	6820a	6900a	6900a
Eisai	1720	1690	1714	1778
Fanuc	4300	4210	4230	4350
Fuji Bank	391	355	369	395
Fuji Photo	4670	4600	4610	4650
Fuji TV Netwk	5340a	5200a	5260a	5320a
Fujitsu	1345	1290	1296	1360
Hachijuni Bk	1043	1020	1036	1043
Hitachi	648	636	639	706
Honda Motor	4780	4680	4780	4800
IBJ	585	551	557	585
Ito-Yokado	6610	6490	6540	6530
JAL	360	350	360	355
Japan Tobacco	9580a	9260a	9500a	9320a
Jusco	2095	2055	2090	2105
Kansai Elec	2350	2330	2350	2330
Kao	2330	2270	2315	2285
Kawa Steel	198	187	195	209
Keyence	13010	12850	12860	13010
Kinki Nipp Ry	602	600	600	601
Kirin Brewery	1068	1052	1056	1072
Komatsu	607	590	590	602
Kyocera	6180	6060	6100	6120
Kyushu Elec	2025	1999	1999	2020
LTCB	52	51	52	51
Marui	2020	1998	2015	1992
Matsu Comm	4740	4620	4620	4760
Matsu Elec Ind	2015	1990	1999	2040
Matsu Elec Wk	1068	1057	1058	1072
Matsu-Kotobuki	3310	3300	3300	3310
Minebea	1352	1312	1310	1371
Mitsubishi	760	734	736	753
Mitsubishi El	327	267	268	324
Mitsubishi Est	1050	1015	1025	1085
Mitsubishi Hvy	488	473	476	493
Mitsubishi Tr	745	709	713	748
Mitsui	694	677	680	702
Mitsui Marine	600	594	598	602
Mitsui Fudosn	905	882	883	923
Murata Mfg	4550	4550	4650	4550
NEC	975	945	949	1003
Nichiei	8950	8910	8910	9500
Nikko Sec	429	404	413	434
Nintendo	12400	12000	12200	12400
Nipp Express	680	655	655	662
Nippon Oil	361	350	354	368
Nippon Paper	460	445	450	470
Nippon Steel	227	220	220	230
Nissan Motor	402	394	398	402
Nomura Sec	1360	1299	1301	1378
NTT	1130b	1100b	1110b	1120b
NTT Data	5240a	5060a	5070a	5340a
Oji Paper	494	486	493	495
Omron	1528	1510	1528	1500
Oriental Land	4900	4830	4890	4780
Orix	9200	9080	9110	9440
Osaka Gas	361	349	361	350
Promise	5990	5870	5870	6070
Ricoh	1303	1285	1285	1330
Rohm	13420	13300	13300	13600
Sakura Bk	246	238	254	274
Sankyo	3030	2970	2990	3040
Sanwa Bank	902	882	900	910
Sanyo Elec	372	363	365	377
Secom	8120	8050	8050	8110
Seibu Rwy	3910	3810	3910	3840
Sekisui House	1050	1020	1032	1029
Seven-Eleven	8420	8300	8400	8360
Sharp	848	840	841	852
Shin-etsu Ch	2110	2075	2095	2090
Shiseido	1365	1340	1340	1350
Shizuoka Bk	1270	1237	1260	1277
SMC	9700	9380	9470	9480
Softbank	5960	5820	5880	5980
Sony	10030	9950	9980	10170
Sony Music Ent	4650	4550	4620	4740
Sumitomo	610	604	604	620
Sumitomo Bk	1154	1111	1120	1160
Sumit Chem	409	399	409	410
Sumit Elec	1241	1190	1234	1190
Sumit Marine	711	685	690	714
Sumit Metal	173	165	165	180
Sumit Trust	385	365	373	382
Suzuki Motor	1227	1215	1216	1239
Taisho Pharm	2725	2690	2690	2770
Takeda Chem	3770	3730	3740	3770
Takefuji	6290	6060	6150	6290
TDK	9880	9620	9620	9830
Tohoku El Pwr	2020	2000	2010	2005
Tokai Bank	559	544	553	559
Tokio Marine	1210	1190	1200	1205
Tokyo El Pwr	2670	2590	2655	2620
Tokyo Electron	3280	3140	3190	3330
Tokyo Gas	294	288	293	290
Tokyu Corp.	321	313	313	324
Toppan Print	1410	1380	1400	1384
Toray Ind	572	565	570	580
Toshiba	498	480	488	518
Toyo Trust	515	485	492	516
Toyoda Loom	2270	2240	2270	2285
Toyota Motor	3010	2950	3000	3020
West Japan Ry	5170a	4970a	5160a	4980a
Yamanouchi	3100	3050	3060	3140
Yamato Transp.	1500	1472	1499	1485
Yasuda Fire	575	561	570	560

a: x 100; b: x 1,000

Toronto
TSE Industrials: 5762.64
Previous: 5711.18
www.tse.com

	High	Low	Close	Prev.
Abitibi Cons.	14.00	13.25	13.90	13.10
Alberta Energy	30.85	29.60	30.85	29.95
Alcan Alum	35.20	34.00	34.65	33.70
Ballard Pwr Sys	30.25	29.25	30.00	28.80
Bk Montreal	56.60	55.00	55.00	56.00
Bk Nova Scotia	26.10	24.85	24.85	25.50
Barrick Gold	25.50	23.75	25.30	23.40
BCE	52.50	51.35	51.40	52.10
BC Telecomm	38.00	36.00	37.20	35.50
Bombardier B	19.45	18.80	18.95	18.50
CIBC	29.70	28.15	28.60	29.00
Cdn Natl Rail	70.60	69.40	69.45	70.40
Cdn Natl Res	21.05	20.10	20.85	19.90
Cdn Occid Pet	21.20	19.25	21.00	19.25
Cdn Pacific	33.40	32.65	32.70	32.90
Du Pont Cda A	36.50	36.00	36.50	36.25
EdperBrascan	20.25	19.35	20.00	19.30
Fairfax Finl	490.00	470.00	480.00	465.00
Falconbridge	14.95	14.00	14.55	12.90
Geac Computer	27.95	27.00	27.00	26.85
Imperial Oil	23.40	22.00	22.15	22.00
Inco	16.15	14.75	15.60	14.70
IPL Energy	61.00	60.00	60.75	60.00
Laidlaw	14.40	14.30	14.30	14.45
Magna Intl A	93.90	92.20	93.50	93.40
Newbridge Net	29.95	29.00	29.65	28.95
Newcourt Credit	51.50	49.65	49.65	51.00
Noranda Inc	20.25	19.00	20.15	18.75
Nthern Telecom	78.50	75.90	76.35	78.00
Nova	19.00	18.25	18.75	18.50
Pancdn Petm	20.85	20.20	20.60	20.00
Petro Cda	17.65	16.90	17.60	16.35
Placer Dome	17.05	15.20	17.00	15.45
Potash Sask	83.00	82.35	82.60	83.00
Renaissance	19.75	18.75	19.50	18.75
Royal Bk Cda	59.45	58.40	58.50	58.90
Royal Grp Tech	30.50	29.05	29.85	29.90
Seagram Co	49.50	48.10	48.10	49.40
Shell Cda A	24.25	23.05	24.10	23.25
Suncor	47.85	46.05	47.60	45.90
Talisman Eny	29.00	27.30	28.40	27.25
Teleglobe	37.20	36.00	36.25	36.60
Telus	32.00	30.85	30.85	31.50
Thomson	35.95	34.75	35.60	36.50
TorDom Bank	39.95	37.50	37.90	39.30
Torstar	17.75	17.00	17.50	17.00
Transalta	21.20	20.70	20.95	20.80
TransCda Pipe	23.70	23.25	23.50	23.15
Trizec Hahn	28.15	27.15	28.15	27.20
Westcoast Eny	29.10	28.30	28.95	28.30
Weston	44.00	41.50	43.00	42.50

Late trading

Vienna
ATX index: 1138.55
Previous: 1124.74
www.wbag.at

	High	Low	Close	Prev.
Bank Austria	620	597	609	602.20
Bund. Vers.	799	799	799	780
Creditanst	830	780	800	849
Erste Bank	630	600	612	602
EVN	1710	1605	1650	1665
Generali Hdg	2440	2230	2350	2299.95
OMV	1245	1205	1220	1203.05
Oest Elektriz	2027	1800	1915	2002
VA Tech	1200	1110	1200	1118
Wienerberg Bau	2290.95	2231	2250	2240

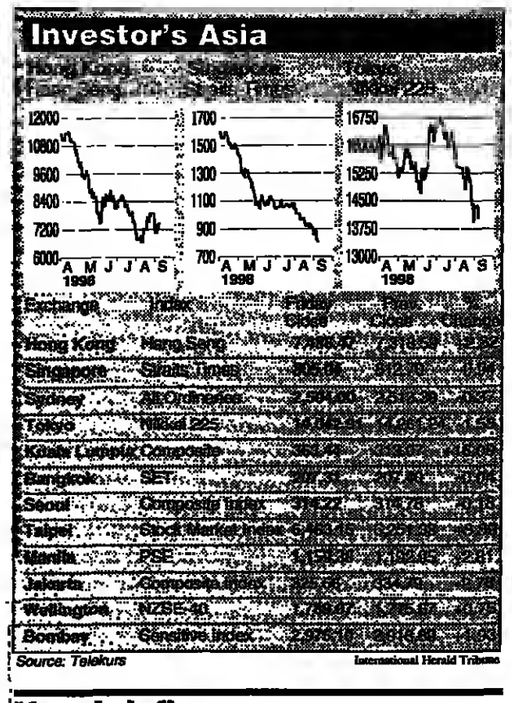
Wellington
NZSE-40 index: 1789.87
Previous: 1775.67
www.nzse.co.nz

	High	Low	Close	Prev.
Air NZeald B	1.77	1.73	1.77	1.70
Brierly Invt	0.64	0.56	0.57	0.64
Carter Holt	1.30	1.15	1.28	1.18
Fletch Ch Bldg	2.10	2.01	2.06	2.05
Fletch Ch Eny	3.45	3.24	3.20	3.35
Fletch Ch Paper	1.12	1.01	1.07	1.00
Indep. News	6.00	5.90	6.00	5.90
Lion Nathan	4.30	4.19	4.36	4.16
Sky Network	3.17	3.10	2.10	2.15
Telecom NZ	7.80	7.70	7.00	7.75

Zurich
SPI index: 4210.05
Previous: 4174.77
www.bourse.ch

	High	Low	Close	Prev.
ABB B	1771	1724	1765	1722
ABB R	355	346	355	346
Adecco	661	630	636	661
Alusuisse R	1584	1538	1560	1545
Ares-Serono B	1840	1765	1775	1765
Baer Hdg B	4000	3790	4000	3900
Baloise Hdg R	1072	1037	1058	1058
BK Vision	284	265	266	275
Ciba Spec Chem	140.25	134.50	135.50	137
Clariant R	728	680	693	697
Crd Suisse Gp R	241.25	218	215.75	224.75
Ems-Chemie	8175	8000	8100	8050
Holderbank B	1560	1490	1558	1455
Liechtenst LB B	830	820	830	820
Nestle R	2795	2670	2790	2680
Novartis B	2275	2212	2275	2220
Novartis R	2265	2212	2265	2220
Oerlikon Buehr R	221	210	218	214.25
PharmVisn B	940	915	940	918
Pirelli R	330	320	329.50	315
Richemont A	1469	1400	1440	1425
Rieter Hdgs	867	815	817	870
Roche Hdg PC	15855	15420	15815	15355
SAirGroup R	363	348	354.50	350
Saurer R	1155	1120	1128	1155
Schindler PC	1750	1705	1705	1745
SGS B	1715	1620	1630	1694
Sulzer R	805	782	795	785
Sulzer Medic R	289	275	279	284
Swatch Group B	840	818	829	840
Swatch Group R	202	199	200.50	199
Swiss Life B	1001	968	998	958
Swiss Reinsr R	3270	3230	3250	3260
UBS R	464	447.50	450	450
UBS SIMA	260	257.50	258.50	258.50
Zurich Assur R	990	980	980	907

Investor's Asia



Exchange	Index	Friday Close	Change	Chg %
Hong Kong	Hang Seng	[illegible]	[illegible]	[illegible]
Singapore	Straits Times	[illegible]	[illegible]	[illegible]
Sydney	All Ordinaries	[illegible]	[illegible]	[illegible]
Tokyo	Nikkei 225	[illegible]	[illegible]	[illegible]
Kuala Lumpur	Composite	[illegible]	[illegible]	[illegible]
Bangkok	SET	[illegible]	[illegible]	[illegible]
Seoul	Composite Index	[illegible]	[illegible]	[illegible]
Taipei	Stock Market Index	[illegible]	[illegible]	[illegible]
Manila	PSE	[illegible]	[illegible]	[illegible]
Jakarta	Composite Index	[illegible]	[illegible]	[illegible]
Wellington	NZSE 40	[illegible]	[illegible]	[illegible]
Bombay	Sensitive Index	[illegible]	[illegible]	[illegible]

Source: Telekurs — International Herald Tribune

Investors Press Malaysia for Clarification

Bloomberg News

SINGAPORE — Investors in Malaysia got a lesson in emerging-markets risk this week as the country put exchange controls on its currency, locking as much as $9 billion in stocks into the country.

While it is not clear how the rules will be applied, proceeds from any asset sales in Malaysia now are to be kept in ringgit for at least a year. Managers of many dedicated country funds have suspended trading until they work out what to do.

"It was all incredibly woolly with just the announcement that they were imposing exchange controls," said Simon Powell, director of mutual fund sales at Baring Asset Management, which froze trading its $10 million Malaysia-Singapore Fund on Thursday. "We're awaiting further details."

As of December 1996, foreigners held about 19 percent of the 720.7 billion ringgit ($190 billion) in stocks on the main board of the Kuala Lumpur Stock Exchange. While those are the latest figures available, since then the capitalization has plunged to about 183.8 billion ringgit.

If foreigners held the same 19 percent share, they would have about $9 billion in the market, though it may be less as many foreign fund managers have dumped shares.

Already individual investors are hearing warnings. The British Bankers' Association advised British investors Friday to settle all outstanding Malaysian ringgit transactions as quickly as possible, and by Wednesday at the latest.

[Malaysian share prices rose 16.1 percent Friday on orchestrated institutional buying following the expulsion of Anwar Ibrahim, the former finance minister and deputy prime minister, from the governing party, Agence France-Presse reported.

[Dealers said that the gains were largely artificial and designed to subdue any impression of political instability.

[The dealers said that prices continued to be supported by foreign investors who were unable to sell because of hitches in settlement procedures following the imposition of the new ringgit rules.]

Some professional investors are trying to talk their way out of the changed situation.

Mr. Powell said that Barings and other managers of dedicated country funds were discussing with Malaysian regulators if they qualify for an exemption from the new rules. Officials from the central bank could not be reached to comment.

Until something is worked out, though, HSBC Asset Management, Fidelity International and Jardine Fleming Units Trusts have also suspended dealings in some of their Malaysian funds, the Financial Times reported.

"We're all in the same boat," Mr. Powell said.

Many fund managers say they are simply in limbo until the new rules — which were unveiled in different forms through the week by several government agencies and in a fiery speech by Prime Minister Mahathir bin Mohamad — become more clear.

Malaysia has banned conversion of ringgit in overseas accounts without permission and pegged the currency at 3.8 to the dollar. Foreigners will also have to hold ringgit proceeds of Malaysian share sales for at least a year, regardless of when those stocks were bought.

"At this stage we haven't got any further news on what do with our holdings," said Stewart Aldcroft, marketing and sales director for Templeton Franklin Investment Services (Asia) Ltd. in Hong Kong. The company has more than $230 billion in assets.

Malaysia is a "very small part" of its total funds, Mr. Aldcroft said, and with most of its funds holding about 20 percent in cash, redemptions are unt a concern, he said.

The $400 million Templeton Emerging Markets Fund has about 3 percent of its assets in Malaysia, while the Asian Growth Fund has about 10 percent of its $40 million in Malaysia.

■ Singapore Uncertain

The Singapore government is trying to clarify the status of its substantial Malaysian ringgit assets, Finance Minister Richard Hn said Friday, according to Agence France-Presse.

Mr. Hn told Parliament that most of the ringgit assets were held in Singapore banks. He gave no figures. Singapore's foreign reserves total about $70 billion.

Singapore "is currently seeking clarification from Malaysian authorities on the status of our onshore ringgit deposits," Mr. Hu said.

Government Investment Corp., a state agency that invests part of the island's reserves, is "also discussing with local banks on ways in which ringgit deposits can be repaid to the government," he added.

"Whatever the outcome of these discussions, I can assure you that GIC will not suffer any capital loss on its ringgit holdings."

Singapore banks have scrambled to come up with guidelines on how to convert the ringgit assets and agreed on a rate of 4 to the dollar, compared to the fixed exchange rate of 3.8 set by Malaysia.

The total amount of the Malaysian currency overseas is estimated at 25 billion ringgit, mucb of it believed to be in Singapore.

There are no official figures on ringgit deposits in Singapore, but the Business Times daily paper said that retail accounts in Singapore could total 1 billion to 2 billion ringgit.

Burma Jails Its Traders

Agence France-Presse

BANGKOK — Burma's military leaders have detained foreign-exchange dealers to try to stem a fall in the national currency, foreign diplomats in Rangoon said Friday.

Some 40 currency dealers were rounded up, the diplomats in Rangoon said.

The currency, the kyat, is at new lows. Analysts point to the economic difficulties besetting all of Asia, plus Burma's own political difficulties.

"I think some of it is the crisis and some of it is the political situation in Burma," one Western diplomat said. "They've occasionally done this before, and the traders have always been released without charge when things calmed down."

The kyat was trading at about 380 to the dollar on Rangoon's black market on Friday. The official rate, 6 kyat to the dollar, is almost totally ignored.

Very briefly:

• **Moody's Investors Service Inc.** said it might downgrade the credit ratings of China and Hong Kong, citing Chinese export weakness and worries about Hong Kong's financial markets.

• **Moody's Investors Service Inc.** and **Standard & Poor's Corp.** warned they might downgrade their ratings for **Nomura Securities Co.**, because of tough competition and Japan's economic slump.

• **NEC Corp.**'s headquarters were searched for evidence that the company was involved in overcharging Japan's Defense Agency for communications equipment.

• A **Financial Supervisory Agency** inspector involved in an audit of **Fuji Bank Ltd.** hanged himself at his home. Hitoshi Higuchi, 44, was the fourth current or former Japanese financial inspector to commit suicide this year.

• **Rothschild Inc.** proposed selling four units of **Halla Group** to foreign investors for 2.4 trillion won ($1.79 billion), according to **Korea Exchange Bank**, one of Halla's biggest creditors. The four units are **Mando Machinery Corp.**, **Halla Heavy Industries Co.**, **Halla Cement Manufacturing Co.** and **Halla Engineering & Construction Co.**

• **Orica Ltd.**, an Australian chemicals manufacturer, plans to sell its pharmaceutical business to **Zeneca Group PLC** of Britain for 328.5 million Australian dollars ($188.7 million).

• **CalEnergy Company Inc.**, seeking to protect a $500 million investment in Indonesia, has filed an arbitration action with the United Nations against Indonesia and its power utility, **PT Perusahaan Listrik Umum Negara**, for allegedly ending payments to the company worth about $4.5 million a month.

• **Nissan Motor Co.** will spin off its automatic transmission unit by next summer, and invite other domestic and foreign auto companies to invest in it.

• **Standard and Poor's Corp.** warned it might downgrade its ratings for **Hitachi Ltd.** after the company said it would post a 250 billion yen net loss this year.

Bloomberg, AFP

Tokyo Takes Hard Look at Bank Nationalization

By Sheryl WuDunn
New York Times Service

TOKYO — Japanese politicians are considering a trial step toward nationalizing troubled big banks.

The idea, one that might seem more at home in the old Communist bloc than in the world's second-largest capitalist economy, would be an odd and embarrassing step for the Japanese government to adopt.

But taking over one or more giant banks could avoid the risk of a large-scale bankruptcy that would rattle the nation's financial system. And while there are doubters, some analysts say that some form of nationalization may be the best way out of an increasingly difficult situation.

The test is likely to be played out with the Long-Term Credit Bank of Japan Ltd., which has been teetering as Japanese political parties squabble over how to save it. Now there are signs that the parties may put their swords aside and work toward a solution, perhaps involving nationalization.

Thus, as Finance Minister Kiichi Miyazawa boarded a plane Friday to head for talks with officials in the United States, he left the financial system in less turmoil than it was a week ago and with greater hope.

If Tokyo can restore financial stability, specialists say, it can move toward repairing the broad economy — something that U.S. officials have been prodding the Japanese, less and less politely, to do for years.

Confidence has been shaken by the near-collapse of Long-Term Credit Bank, whose $180 billion in assets makes it one of the country's largest. The government wants to inject taxpayers' money, so that the bank can be more readily absorbed in a rescue merger. But the opposition parties disagree and have demanded rigid criteria in exchange for the release of public funds.

The issue of what to do with the nation's biggest and weakest banks has become crucial, and it has helped drag down stock prices in recent weeks. But the idea of the government's stepping in to nationalize banks has become increasingly accepted, and expected, by investors.

"Many small banks and many major banks can no longer fund themselves in the market because people are too scared," said Alicia Ogawa of Salomon Smith Barney Inc. in Tokyo. "The government has to take over that function. But the public will not stand for the government lending a ton of money unless the government manages it."

The government has already taken stakes in the largest banks, but the holdings are relatively tiny ones. Now, after dancing around the concept of nationalization, the governing Liberal Democratic Party and the opposition parties are expected to address the issue.

"Nationalization is one of the major pillars of our proposed bill," said Eisei Ito, who heads the policy research board of the Democratic Party, the largest opposition group. "We do not think that many banks will be nationalized, but we are organizing the bill to accommodate the situation, just in case several banks collapse."

The opposition parties submitted their proposed bills for reviving the financial system to Parliament on Thursday.

Japanese officials fashioned their current plan from methods used in the United States to resolve the savings and loan crisis of the late 1980s and early '90s.

But now, some Japanese are beginning to say that perhaps the proper model is not the U.S. Resolution Trust Corp. and small bridge banks, which Washington used to help shutter insolvent savings and loans. Rather, they say that a better model may lie in the method used to deal with the collapse of Continental Illinois Bank & Trust Co. in 1984.

Although no specific deals between the opposing sides in this argument have yet been struck, politicians are widely backing a proposal allowing the Long-Term Credit Bank to be the model for nationalizing a big bank.

The bank would write off about $5.5 billion in unrecoverable loans, depleting its capital by more than 80 percent. The government would then step in and buy newly issued shares to bring that amount of capital back up to its former level and then restructure the bank, selling what assets it could and trying to collect on the rest.

In the process, the government would bring in new managers, who would either liquidate the bank or revive it and then sell it to another bank. Such a process could be a great deal cheaper than cleaning up the financial debris from a big bank's collapse.

BANKER: *Crisis Ends Russian Tycoon's Storybook Rise to Riches*

Continued from Page 11

Soviet elite, but Mr. Smolensky was poor. Trained as a printer, he later headed a construction firm, building cottages out of logs. His big break came during the era of Mikhail Gorbachev, the former Soviet leader, when banking was one of the first private businesses permitted.

In the early years of post-Soviet Russia, Mr. Smolensky, like other young bankers, earned handsome profits from currency speculation, gambling on the ruble-dollar exchange rate at a time of hyperinflation. When that ended in 1995, they turned to new government Treasury bills. These bonds were known in Russian as GKOs, and they paid extraordinarily high yields, which at first were tax free.

As he expanded his empire, Mr. Smolensky also needed foreign capital. He floated a $250 million Eurobond last summer. Investment bankers touted Mr. Smolensky as the one banker who could draw billions of dollars in Russians' savings out from under the mattress.

At the behest of the state, Mr. Smolensky took over a failing state-owned bank, Agroprombank, which had a nationwide branch network. Although the bank was rooted in the stagnant Russian farm sector, Mr. Smolensky hoped the branch network would help him become Russia's super-banker. However, the takeover proved to be difficult, in part because Russian agriculture remains a money loser, dominated by unproductive collective farms.

When the Asian financial crisis hit last year and investors began to flee emerging markets, including Russia, an ill wind swept across the economy here. The banks held assets, such as Russian stocks, that were beginning to lose value.

The banks had pledged the stocks as collateral for loans in dollars and other hard currencies. When the value of the assets went down, they had to scramble to keep their payments on the loans current. At the same time, however, Mr. Smolensky's bank held a large portfolio of the government's short-term Treasury bills, the GKOs. So did the other Russian banks, insurance companies, regions and pension funds. When Russia was hit with an earlier investor shock wave, in May, the interest rate on the GKOs shot way up. The high yields cost the government but helped the banks.

By the time Russia reached the precipice of financial collapse in August, Mr. Smolensky's bank held the equivalent of $1 billion in GKOs. The bank also had $1 billion in obligations to foreign investors, including the Eurobond interest, syndicated loans and credits, he said. Of that, payments of $162 million are now overdue.

The bank got caught in a severe liquidity squeeze; it could not pay depositors on demand and meet its other obligations.

On Aug. 14, the central bank sent Mr. Smolensky an emergency stabilization loan of rubles worth about $100 million. The Russian economic system was beginning to buckle, and banks had stopped lending to each other.

Then, on Aug. 16, when the government was preparing to devalue the ruble the next morning, a handful of the tycoons came to the government headquarters to get advance word of the plan. But an official who was present said Mr. Smolensky was not among them.

A fateful decision made that night thrust a dagger into the heart of Mr. Smolensky's bank — the Treasury bills — the GKOs — were frozen, and the government effectively defaulted on them, promising only to pay them off years later at a fraction of their value. Mr. Smolensky's bank held $1 billion worth of GKOs that suddenly became useless.

It is not clear why the freeze on the Treasury bills hit Mr. Smolensky's bank harder than others that also held them. But Sergei Aleksashenko, first deputy director of the Russian central bank, said recently that SBS-Agro also held a "massive sum" of Russian hard-currency Treasury paper, which also declined in value, essentially wiping out the bank's capital.

On the night before devaluation, the government agreed with the tycoons to impose a three-month moratorium on the banks' repayment of their debts abroad. The idea was to give the hard-pressed bankers a chance to renegotiate with their overseas creditors, but the plan was hastily devised, and when it was announced the credit ratings of all the Russian banks took a nose dive.

After the devaluation, the central bank expressed alarm about the financial condition of SBS-Agro. Depositors were clamoring for their money and not getting it. Sergei Dubinin, head of the central bank, said the financial situation at SBS-Agro was "absolutely critical."

Then the boom was lowered on Mr. Smolensky. In a television interview, a top central bank official said the government was putting Mr. Smolensky's bank under temporary administration — and asking Parliament for emergency legislation to nationalize it partially. SBS-Agro was the only bank the government threatened to nationalize, although many others are technically bankrupt. A provincial court issued an order blocking the temporary administration on behalf of a depositor.

DEFLATION: *Will Global Crisis Bring Falling Prices to U.S.?*

Continued from Page 11

"It's sort of a domino theory where it goes from Asia to Latin America to possibly North America," said Rob Friehl, the AlliedSignal treasurer. "We looked at our suppliers and our competitors and our markets."

The conclusion? AlliedSignal needed to make some dramatic change in its business approach, Mr. Friehl said. Among them: leasing equipment instead of buying it, shortening contracts with suppliers rather than locking them into long-term arrangements, and cutting off credit to questionable customers.

"The asset is going to be worth less a year from now than it is today," Mr. Friehl said, explaining the shift to leasing from outright ownership. "And we've become a little more restrictive in our credit terms."

Similar moves are afoot among the country's largest businesses, said Ram Charan, a consultant who works closely with the top management of Fortune 500 companies such as Ford.

"You improve productivity, you take costs out, you go after customers that are not economically efficient to serve, you cut out the middleman," Mr. Charan said, describing the strategies he is advising his clients to adopt. "Some companies will get it, and some will suffer."

Some U.S. companies began worrying about deflation last year when Asian countries slid into economic crisis. More recently, the economic chaos in Russia unnerved other developing, or emerging, markets, such as those in Latin America. Many of these countries rely on exporting oil, metals and other commodities for income. The eventual effect of such economic instability abroad is a reduction in foreign demand for U.S. products.

"The basic question is, can one-third to one-half of the world sink into economic collapse without the U.S. being affected?" said Greg Jensen, a research associate at Bridgewater Associates, a consulting firm. "I think it is pretty obvious the market has begun to price in that possibility."

Old Bidders for Kia Asked to Try Again

Agence France-Presse

SEOUL — South Korea began to prepare Friday for a second auction of Kia Motors Co., with a hint that officials may give in to demands that they write off a part of the failed company's huge debt.

Kia and its main creditor, Korea Development Bank, sent invitations to the five original bidders, asking them to submit letters of intent by Thursday, bank executives said. Detailed guidelines for bidding, including possible debt write-offs, are to be issued Friday.

The first round was aborted when four of the five — Daewoo Motor Co., Ford Motor Co. Hyundai Motor Co. and Samsung Motors Inc. — demanded write-offs of at least a part of Kia's debt, which is estimated at $9.6 billion. General Motors Corp. pulled out earlier, citing strategic reasons.

Japanese Steel Companies Expect Losses

Compiled by Our Staff From Dispatches

TOKYO — Japan's five biggest steelmakers, led by Nippon Steel Corp., the world's largest, on Friday reversed their profit forecasts to losses for the year to March 31 because of plunging demand in Japan and the rest of Asia.

NKK Corp., Japan's second-biggest steelmaker, expects to post the biggest group loss for the year, 93 billion yen ($675 million).

That reverses its forecast of a profit of 6 billion yen.

Late Thursday, NKK's subsidiary Toa Steel Co. said it was going bankrupt because earnings had collapsed as steel demand slowed and costs mounted. NKK's shares plunged Friday, finishing at 98 yen, down 15 yen.

Nippon Steel forecasts a full-year loss of between 15 billion yen and 25 billion yen, down from a forecast of 2 billion yen in profit. The loss will also be attributable to retirement and pension system payments, the company said.

Kawasaki Steel Corp. expects to post the second-biggest loss, 61 billion yen, down from its previous outlook, which was for 15 billion yen in net income.

Sumitomo Metal Industries Ltd. expects to lose 10 billion yen for the year, down from its earlier forecast of a 15 billion yen profit.

Kobe Steel Ltd., which said it would cut 1,000 jobs from its March-end total of 12,550, said it expected a group net loss of 12 billion yen, compared with its earlier profit forecast of 2 billion yen.

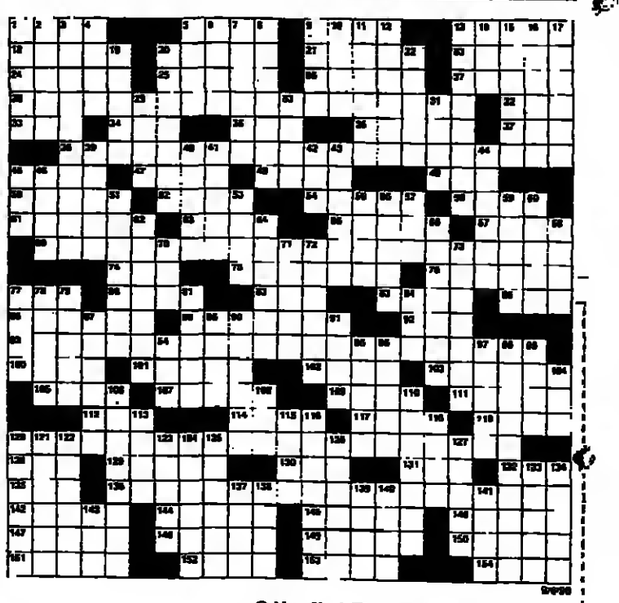
Kawasaki Steel Corp. reversed its 15 billion yen group profit forecast for the year, because it will post an extraordinary charge of 180 billion yen. That will be to help its Kawasaki Enterprises leasing unit write off bad loans.

The five companies expect to produce 94 million tons in the next fiscal year.

"If there's no significant improvement in exports to Asia, conditions will worsen in the second half," said Seiichi Yamada, a materials analyst at Dresdner Kleinwort Benson (Asia) Ltd.

(Bloomberg, AFP)

MORE THAN A JOB By Rich Norris



ACROSS
1 Political V.I.P.
5 Where roads meet: Abbr.
11 They're full of beans
13 "My Dinner With Andre" playwright
18 "Love Is a Hurtin' Thing" singer
20 Tinny-sounding instrument
21 "He fain would write ——": Browning
23 Jazzman Chick
24 Frequented, as a restaurant
25 Tickle
26 Magna ——
27 Troublemakers, at times
28 Beginning of a quote
32 Speech bobbles
33 Sound barrier breaker, for short
34 Newt
35 Poetic preposition
36 Oft-burned item
37 Nutritional asst.
38 Quote, part 2
45 Mars: Prefix
47 Closing document
48 Do a vet's job
49 That, in Toledo
50 Sudden
52 Hacienda room
54 Some default consequences
58 A fl. oz. contains six
61 Flourless cakes
63 Maryland athlete, for short
65 Pig ——
67 King of old comics
69 Quote, part 3
74 After-dinner offering
75 Two-syllable foot, in poetry
76 Something to pass
77 Old college building feature
80 "Major" animal
82 Quote, part 4
83 —— avis
85 Guido's high note
86 Capital on the Missouri
88 Hit
92 Sch. subject
93 Quote, part 5
100 Robt. ——
101 Undersides
102 "Cheerio!"
103 Four-time Oscar-winning composer
105 "Puppy Love" singer
107 Don Pasquale and others
109 Schmoozes
111 Strainer
112 Tree decoration
114 Get —— (access)
117 Snack bar drink
119 Shot up
120 Quote, part 6
128 Thurman of "Henry & June"
129 Strange
130 The New Yorker illustrator Irvin
131 Put in stitches
132 "—— Haw"
135 VCR button: Abbr.
136 End of the quote, and its author
142 1964 role for Audrey
144 Hood of "Our Gang" comedies
145 Threepeater's threepeat
148 Like the sea lion
147 Pass on
148 Kind of mentality
149 Get around
150 Nostalgic, in a way
151 Cha cha cha, e.g.
152 1963 Newman co-star
153 Artist Magritte
154 Rhône's capital

DOWN
1 Unwanted children?
2 Swearing
3 Kind of deal
4 Thick piece
5 Drop abruptly
6 The 45th of 50
7 Political journal since 1865, with "The"
8 Battlement openings
9 Agreement
10 Colorful fish
11 Conductor Antal ——
12 Disagreements
13 Least adequate
14 Doll
15 Main conduit
16 Flake
17 City ESE of Miami
19 Pricey
20 Family room pieces
22 Long-tailed parrot
29 "The Lineup" grp.
30 Golf club part
31 One-time Davis Cup coach
36 Blood line
40 "Cool!"
41 Lazybones
42 Way-off
43 Pupil protector
44 Register key
45 Hrs. in Halifax
46 Frat letters
51 Trouble
53 Old flatboats
55 Reach on the road, perhaps
56 Unmentioned
57 Convene
59 Investigation
60 The Trojans, for short
62 Record holders?
64 Vatican period
66 Game declaration by Ivana?
68 Stew ingredient
70 Took place
71 Sounds
72 Breaks up
73 Bar orders
77 —— digit
78 Quartet member
79 Mideast land
81 Sanctuaries
84 French friend
87 Smell like
89 Applications
90 Medicinal shrub
91 Like some parties
94 Driver's lic. stat
95 Actor Keach
96 Prohibited
97 Fake
98 Untrustworthy, to 60's-70's collegians
99 Split
104 Unfamiliar
106 Urban passages
108 Publicity
110 Washed with lots of water
113 Coach Karolyi
115 Pot, essentially
116 Like a brigadier general
118 "Zip——Doo-Dah"
120 Doctors
121 Cheese ——
122 Gibb
123 Finishes a book?
124 Hold
125 Access
126 Certain case, in Latin grammar
127 Pet provider
133 Diciembre follower
134 "The Return of the Native" heath
137 Gymnast Korbut
138 Dumbarton denizen
139 Shelley's alma mater
140 Ballet movement
141 Critic Pauline
143 Kill with a click

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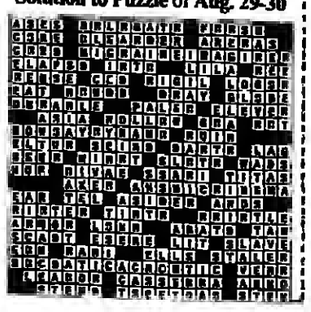
Solution to Puzzle of Aug. 29-30



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FRANCE (zone C) en FFR - TVA 20,6%

GO:	3,54	FOD*:	2,11
SC97:	5,23	SCSP:	5,06

UK (zone B) en £ - TVA 17,5% (total 5%)

GO:	0,5723	FOD*:	0,3476

ALLEMAGNE (zone I) DM - TVA 16%

MIN: GO:	0,91	SCSP:	1,27
MAXI: GO:	0,99	SCSP:	1,35

BELGIQUE en FBI - TVA 21%

GO:	20,08	FOD:	8,72
SC97:	31,90	SCSP:	29,92

HOLLANDE (zone2) NLG - TVA 17,5%

GO:	1,197	FOD:	0,732
SC97:	1,881	SCSP:	1,830

LUXEMBOURG en LUFR - TVA 15%

GO:	17,57

ESPAGNE (zone A) en PTAS - TVA 16%

GO:	80,09		
SC97:	103,10	SCSP:	107,59

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Friday's 4 P.M. Close
(Continued)

Herald INTERNATIONAL Tribune

MONDAY: SPORTS

THE MONEY REPORT

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Finland	11.9	2.1	[illegible]	2.1	[illegible]
France	[illegible]	1.5	[illegible]	5.7	[illegible]
Germany	12.3	2.1	[illegible]	4.1	[illegible]
Italy	[illegible]	0.6	[illegible]	8.9	[illegible]
Netherlands	17.7	1.3	[illegible]	5.7	[illegible]
Norway	11.1	2.7	[illegible]	1.9	[illegible]
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Sweden	14.7	2.3	[illegible]	4.9	[illegible]
Switzerland	30.0	4.7	[illegible]	6.1	[illegible]
U.K.	21.6	2.5	[illegible]	3.4	[illegible]
Europe	16.2	2.0	[illegible]	4.6	[illegible]

Source: Morgan Stanley Dean Witter — International Herald Tribune

Precision Pays in Weak-Currency Strategy

By Miki Tanikawa

IT STARTED with a currency crisis. The financial, economic and increasingly political turmoil that is sweeping the world became evident in July 1997, when Thailand devalued its baht. Since then, currencies throughout Asia and the world's emerging markets have fallen against the dollar and the European currencies, leading to stock-market declines around the world.

Once the current turmoil abates, investors are likely to be looking for bargain-priced stocks. One thing to remember is that low-cost manufacturers have an inherent advantage and one benefit of a weak currency is that it reduces domestic input prices, including labor and domestic materials.

With that thought in mind, The Money Report this week takes a look at manufacturing companies in some of the regions where currencies have suffered, such as Eastern Europe, Japan and Latin America. It takes a gutsy investor to look for bargains in stock markets that have been in free-fall, but some equities in these places seem to have dropped to bargain levels.

BEFORE ABANDONING all hope for the Tokyo stock market, take a look at what analysts collectively call the "precision-equipment" makers. This cluster of manufacturing companies spans the range from makers of printers and copiers — such as Canon Inc. and Ricoh Co. — to the camera makers Minolta Co. and Olympus Optical Co. to watch manufacturers, including Casio Computer Co., Citizen Watch Co. and Seiko Corp.

Analysts say the precision-instrument makers stand out in international competitiveness. While the consumer-electronics sector, which includes such well-known names as Matsushita Electric Industrial Co., Sanyo Electric Co., Sharp Corp. and Sony Corp., collectively saw their profit in 1997 drop 30 percent from the 1990 peak, the precision sector registered 65 percent profit growth, according to data compiled by Dresdner Kleinwort Benson (Asia) Ltd. in Tokyo. The contrast is partly a function of the weak price-setting power for the home-electronics companies, whose refrigerators, vacuum cleaners and stereo systems compete with those of other Asian manufacturers for whom labor costs are cheaper.

Precision-instrument companies have retained strong pricing power because of the higher value-added on the products they churn out, analysts said.

One would be surprised that in the precision sector, "the competition in many product areas are fought among Japanese companies," said Ikuo Matsuhashi, an analyst covering the precision-equipment makers for Nomura Securities Co. in Tokyo.

For some instrument makers, achieving a de facto industry standard helps cement a competitive position. Kimihide Takano, senior analyst at Dresdner Kleinwort Benson, highly rates Olympus, whose booming sales in cameras has earned it a record aggregate profit of 6.4 billion yen ($47.6 million), for the year ended March 31, a 150 percent rise from the previous year.

Olympus is today the worldwide leader in digital cameras, a market packed with 30 manufacturers around the world, of which 27 are Japanese. Olympus claims that its market share averages 20 percent to 30 percent worldwide. Its popular film-based APS cameras have also contributed to the growing sales, according to the company.

But what makes Olympus a stable cash generator is a special kind of camera. It is called the endoscope or gastro camera, and it is used by doctors to probe the inside of the human body. Mr. Takano of Dresdner Kleinwort Benson said an 80 percent-plus global market share in the flexible type of endoscope for Olympus establishes it as the industry standard-bearer. Strong pricing power has given it an estimated operating profit margin of 22 percent for the flexible endoscope, he said.

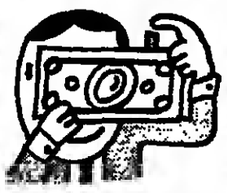
Olympus is also striving to chalk up a larger share in the rigid endoscope, which is used in surgery. Mr. Takano said he thought Olympus's global market share of 35 percent would rise to 50 percent within seven years and that a market dominance would give the firm price-controlling leverage. He set a mid-range target of 1,850 yen for the stock, which closed at 1,473 Friday.

In the office-equipment arena, the copier-maker Ricoh Co. has drawn analysts' attention as it rides a wave in the growing market for digital copies, where it competes with Canon and Fuji Xerox Co., a joint venture between the Japanese film company and the U.S. copier maker.

In Japan, digital models have grown to more than 50 percent of the black-and-white copier market this year from 21 percent in 1993, according to Japan Business Machine Makers Association.

With a digital copier, once a document has been read into memory, it is unnecessary to scan each page and sort the copies with a mechanical sorter. This means fewer chances of paper jams and much less annoying noise than with conventional models. Digital copiers today are doing their work faster — they once were much slower than the analogue counterpart because of the memorization process — and Ricoh plans to introduce a machine that prints 100 pages per minute in the first half of 1999.

Because of these qualities, large dealers in the United States and Europe have been enthusiastic about selling digital copiers to their clients, said Hiroshi Yoshihara, analyst at Salomon Smith Barney (Japan) Ltd. Ricoh has about a 39.4 percent share of the market in Europe and 55.5 percent in the United States.



Mr. Yoshihara said that with the exception of some high-speed models, traditional copying machines eventually would be replaced by digital models. In the United States, where only 10 percent of the existing equipment is digital, the market will see the ratio grow to 50 percent in the year 2000, an expansion from which Ricoh will benefit, Mr. Yoshihara said. His target price for Ricoh is 1,900 yen.

Among the Japanese watch manufacturers, Mr. Matsuhashi of Nomura Securities said Citizen trades at an attractive valuation. The watch manufacturer in fact has a huge reserve of cash sitting on its balance sheet. The world-wide watch industry grows rather slowly, about 4.5 percent a year, but it is steady.

"There are still plenty of people who do not own a wrist-watch in the world," said Mr. Matsuhashi, and Japanese manufacturers like Citizen, Seiko and Casio, which together hold 60 percent of the global market, stand to benefit.

Another group of companies in the precision sector are manufacturers of equipment related to semiconductors, such as Advantest Corp. and Tokyo Seimitsu Co., which makes testing devices.

Mr. Takano of Dresdner Kleinwort Benson likes Tokyo Seimitsu. The company is preparing to introduce a just-invented wafer-inspection machine, which it said conducts more precise and efficient inspection of computer chips than do conventional units. Mr. Takano said the semiconductor industry had been anticipating such a high-quality wafer inspector and that the need for such a product was tremendous.

Mr. Takano and Tokyo Seimitsu said that in a few years, the company's wafer-inspection machine would add several tens of billions of yen in sales. Tokyo Seimitsu's stock has soared recently on the expectation that its wafer-inspection machine will be a blockbuster, but Mr. Takano set a long-range target price of 10,000 yen, more than twice the current price of 4,350 yen.

Meanwhile, many analysts remain bullish on the mid- to long-term prospect for the top consumer-electronics makers, like Sony and Matsushita Electric Industrial, while being somewhat skeptical about others, like Sanyo, Sharp and Pioneer. Koichiro Chiwata, electronics analyst at Salomon Smith Barney (Japan) Ltd., praised Sony for its strong hardware and software infrastructure, which function as magnets to draw outside resources and to use them to its advantage. He also praised Matsushita for the technological prowess that gives it unrivaled strength in manufacturing such things as key electronic components and telecommunications equipment.

Mr. Chiwata added that he could not be optimistic over Sony's near-term results because it faces depreciating prices for its computer monitors and broadcasting equipment and higher-than-expected semiconductor-related depreciation costs, among other factors. But these factors are not likely to compromise Sony's long-term growth, he said. In fact, Mr. Chiwata said that the recent dip in Sony's shares may offer the century's last chance to buy the share at an inexpensive level. He maintains his mid-term target price of 14,500 yen.

For the Unexposed, Storms Across Asia Are a Breeze

Many Firms in U.S. and Europe at Little Risk

By Aline Sullivan

GLANCE AT ANY stock report these days and chances are that big swings in European and American share prices are attributed to news from Asia. The reports are mostly accurate: Investors have been buying and selling their home-grown stocks as Asia's economic prospects — and by extension, those of emerging markets around the world — brighten and dim. But is this right?

Maybe not. The real exposure of many Western companies to Asia is surprisingly small, according to recent data from Morgan Stanley Dean Witter & Co. In the United States, for instance, the companies in the Standard & Poor's 500 stock index on average obtain only 7 percent of their revenues from Asia, including Japan. That is little more than half their exposure to the far more robust markets of Europe.

"The psychology of it all is very strange," said Deborah Weinswing, the New York-based Morgan Stanley Dean Witter analyst who compiles and reports on the firm's proprietary database. "Look at the crazy swings in European stocks on Russian news when that whole country's market capitalization is about the size of one big Western European company. The reaction here and in Europe to Asia is even crazier."

Indeed, the S&P 500 companies covered by Morgan Stanley analysts have greater average exposure to Latin America than they do to Japan's ailing economy, which accounts for just 2.3 percent of their combined revenues.

Exposure to Japan is "negligible," or less than 1percent, for eight of the 22 sectors covered, Morgan Stanley analysts found.

The U.S. manufacturing companies are among the most secure. Automobile and auto-part makers derived just 0.2 percent of their revenues from Japan and makers of building products 0.4 percent. At 3.1 percent, capital goods and machinery companies are more exposed, but that is still far less than the 4.7 percent of revenue derived from Latin America and the 23.8 percent and 61.3 percent from Europe and North America, respectively.

Most of these U.S. manufacturing companies count more on the rest of Asia for revenue than they do on Japan. But the numbers in that vast and diverse area are still low, compared with other regions. For example, autos and auto-part sales in Asia, outside Japan, account for just 1.9 percent of total revenues and sales of capital goods and machinery account for 7.1 percent.

In this relative bastion of security, the technology sector sticks out like a sore thumb. Six of the seven S&P technology companies covered by Morgan Stanley analysts derived more than 15 percent of their revenues from Japan in 1996. These were KLA-Tencor Corp., Applied Materials Inc., LSI Logic Corp., AMP Inc., Cisco Systems Inc. and Microsoft Corp.. Not surprisingly, these companies have taken a hammering in the past two years.

The health-care and aerospace/defense industries are the only two others in the United States with significant — about 5 percent of revenues — exposure to Japan. The aerospace industry is also vulnerable to the rest of Asia, which accounts for 10.5 percent of its sales.

But the Morgan Stanley analysts said that for most aerospace and defense companies, Asia still offered the best long-term growth potential.

EUROPEAN companies are for the most part even more isolated from Asia's woes than their American counterparts. An astonishing 60 percent of the 350 European companies tracked in the report have no revenue exposure whatsoever to Japan.

Apart from the health-care companies, most of which have low double-digit exposure as a percentage of total revenues, few companies have much to lose if the Japanese economy deteriorates further.

The European companies' exposure to the rest of Asia is greater, but for the most part is still paltry compared with their exposure to the United States and to each other. All told, the European companies count on Asia outside Japan for 7.2 percent of their revenue and on North America for slightly more than twice that.

But investors who are fed up with the Asian-inspired roller-coaster of today's markets could consider the U.S. and European manufacturing companies with no business in any part of that region. Most of these concentrate on their home markets, but several, including Owens Corning, Masco Corp. and Parker-Hannifin Corp. in the United States and Swedish Match AB, Accor SA and Saint-Gobian SA in Europe, also have substantial exposure to other Western markets.

Costs Fall for Unrivaled Makers of Electronic Parts

ELECTRONIC components may not be glamorous, but there are whole categories of gizmos that are chiefly made in Japan, meaning that as long as there is demand for them anywhere in the world, there is business for their manufacturers.

Among the well-established companies, according to Noboru Makino, senior adviser at Mitsubishi Research Institute, are Hoya Corp., Kyocera Corp., Murata Manufacturing Co., Rohm Co. and TDK Corp. They make things like custom computer chips, ceramic packages for integrated circuits, optical glass and ceramic filters, often available only from Japan.

"Within the electronics field, electronic-device makers are the most competitive internationally," said Masaharu Izumi, an analyst at Warburg Dillon Read in Tokyo. "Japanese firms are enemy-less in this domain."

Mr. Izumi cites several manufacturers that investors might find worth putting on their shopping lists. While some semiconductor-related manufacturers have been hurt by the latest slowdown in worldwide computer sales, Mitsui High-tec Inc., a top maker of lead frames for integrated circuits, is relatively unscathed, Mr. Izumi said.

The price cuts for the lead frames were smaller than the chips they contain because there are fewer lead-frame makers than chip makers and the barriers to entering the market — there are five major Japanese lead-frame manufacturers that control 70 percent of global sales — are high. Superior expertise is needed to design and produce the necessary high-precision press metal molds that are required for mass production of lead frames, Mr. Izumi said.

Mitsui High-tec, which Mr. Izumi expects to post record earnings in the year ending January 1999, stands to benefit from the eventual expansion of the semiconductor market.

The company is diversifying into assembly operations and other kinds of chip packaging, notably ball-grid arrays. Mitsui High-tec's recent move allows it to hedge against the risk that alternatives to lead frames may threaten its business, Mr. Izumi said.

Mr. Izumi is also upbeat on Ushio Inc., which has a good international reputation for making industrial lamps, such as those used in semiconductor steppers, and office equipment, including photocopiers and laser printers. Ushio commands 90 percent of the world market for the former and 60 percent for the latter. The company's sales to the semiconductor industry account for 25 percent of total sales.

But investors need not worry about falling investment by chip makers leading to depressed demand for Ushio's lamps, because the bulk of the demand is replacement-based, Mr. Izumi said. He predicted growth in demand for lamps used in such non-semiconductor fields as optical disks, so that the year ending March 1999 for Ushio will see "another round of firm sales growth."

For a future earnings contributor, solid semiconductor lasers, of which the sample shipments just began, is expected to add about 20 billion yen in annual revenue to a company that currently turns over 67 billion yen, Mr. Izumi said.

Mr. Izumi said he also would watch Mitsumi Electric Co., which makes analogue semiconductors that are used in portable computers, cellular phones and digital audiovisual equipment. He said the price of Mitsumi's shares, which have risen about 25 percent this summer, did not fully reflect the high margins and firm demand for these chips.

Meanwhile, Richard Whittall, senior portfolio manager for Jardine Fleming Investment Trust & Advisory Co. in Tokyo, is enthralled by an unusual company based in Kyoto, Nidec Corp. The company is a parts manufacturer that has a 70 percent global market share in spindle motors, which turn hard-disk drives, and a 30 percent share in the market for small fans that cool down personal computers.

"The company has a ruthless strategy," Mr. Whittall said. "It moves into a business where it won't necessarily have a top share to begin with. But since its cost is so cheap, everybody leaves the field and it is left having all the share."

Elsewhere in Asia, manufacturers are generally suffering from price cuts and overcapacity, like Japan's comprehensive electronics giants, including Toshiba and Hitachi, that focus on semiconductors and home electronics.

"Most of the manufacturers are feeling the global slowdown in electronic-goods demand," said Frederick de Vera, an analyst at ING Barings who covers Philippine technology companies. "Everyone is experiencing depreciation and overcapacity."

Mr. de Vera is not pushing Philippine technology hopefuls such as Ionics Circuits Inc. and Music Corp. because risk factors are looming larger for them, he said. Ionics, which assembles printed circuit boards for IBM, NEC, and others, "relies too much on a handful of customers," he said.

As for Music, which produces content-addressable memory chips used to speed up data transmission on networks, Mr. de Vera believes that while the market is in a healthy state, such a technology runs the risk of obsolescence.

— MIKI TANIKAWA

As the Bear Starts to Grumble, Dividends Can Buy You Some Peace of Mind

JAMES K. GLASSMAN *ON INVESTING*

WITH THE BEAR growling, many investors want to know how to stay in stocks but limit their potential losses. So let's consult history.

Using data from Lipper Analytical Services, researchers at T. Rowe Price & Associates in Baltimore examined the performance of six American mutual-fund categories during the last seven bear markets.

Not surprisingly, they found that balanced funds, which own a roughly even mix of stocks and bonds, fell the least. But what about funds that primarily own stocks?

Equity-income funds were far and away the best performers, finishing close behind balanced funds. They were followed by growth-and-income funds, then growth, capital appreciation and small-caps.

An equity-income fund is one that reaches for reasonable dividends first and capital appreciation (stock-price increases) second. The fund may also own a smattering of bonds, but it focuses on dividend-paying stocks.

Over the seven bear markets, beginning in 1961-62, equity-income funds lost an average 17.6 percent (figures are for total returns, taking into account both price and dividends), compared with a 25.1 percent loss for the Standard & Poor's 500-Stock Index, 29.8 percent for capital-appreciation funds and 30.4 percent for small-stock funds.

Lately, finding stocks that pay decent dividends has been difficult, partly because companies have been using profits to buy in their own shares or to invest internally, rather than sending the earnings out in checks to stockholders (burdening many of them with taxes), partly because interest rates are low, and partly because stock prices have zoomed so high that dividends look paltry in comparison.

Last week, the average stock in the Standard & Poor's 500 Index of large companies paid a mere 1.6 percent dividend yield, compared with an average of 4.9 percent for the period from 1874 to 1994, according to Jeremy Siegel's book, "Stocks for the Long Run." Even in the 1980s, the S&P was yielding 3.9 percent. The Dow today yields a bit more than the S&P — 1.9 percent — but that is close to a record low.

Yet even a small dividend can be valuable if you hold a stock for a long time. Consider a stock that costs $50 and currently pays an annual dividend of $1, a yield of just 2 percent. If that dividend rises at 10 percent a year, then at the end of 30 years the annual payout will be approximately $8, for a yearly yield, based on your original investment, of 16 percent — and rising. You do not get rising yields from bonds.

Not too long ago, a reasonable dividend on an American stock was 5 or 6 percent. Today, it is hard to find stocks that pay more than 3 percent. One example is Mobil Corp., which is the largest holding of one of my favorite dividend-oriented funds, T. Rowe Price Dividend Growth. Mobil's "indicated yield" is 3.2 percent, a figure derived by multiplying the latest quarterly cash payout by four and dividing the result by the current stock price.

The four other top holdings of the Price fund, which its manager, William Stromberg, said searches for stocks "that have a significant dividend and are likely to raise it," are (in order): Exel Ltd., a Bermuda-based insurer to businesses, with a yield of 2.4 percent; Philip Morris Cos., 4.2 percent; SBC Communications Inc., which owns the Southwestern Bell and Pacific Bell telephone companies, 2.6 percent, and Bristol-Myers Squibb Co., the pharmaceuticals and personal-care-products maker, 1.5 percent.

Mr. Stromberg has been taking advantage of the market decline to buy some of his favorite companies at today's "reasonable prices." The most compelling is Tomkins PLC, a British-based maker of industrial and garden products. Tomkins's American depositary receipt has fallen nearly 35 percent since March and yields a lofty 7.9 percent, with a price-to-earnings ratio, based on expected profits for the year ending April 1999, of just 10, or about half the S&P average. (Remember, however, that, unlike bonds, stocks do not carry guaranteed yields. If Tomkins hits hard times, it could cut or eliminate its dividend.)

But back to the security offered by dividend-focused funds, especially equity-income funds. For a close-up, consider the nastiest of the bear markets: the 21-month rout that began on Dec. 31, 1972, and ended on Sept. 30, 1974.

During that time, capital-appreciation funds, which own stocks that pay little or no dividends, fell 52.2 percent. They took 44 months, according to the Price study, to recover their losses. But equity-income funds fell only 29.4 percent and took just nine months to recover. Growth-and-income funds, which put less emphasis on dividends, dropped 40.3 percent and took 17 months to get back even.

Of course, there is a trade-off. In the seven bull markets since 1962, equity-income funds returned an average of 132.3 percent, compared with 156.0 percent for the S&P, 160.6 percent for capital appreciation funds and 193.3 percent for small-cap funds. In the most recent bull market, from October 1990 through June 1998, equity-income funds returned 274.6 percent while the S&P returned 368.9 percent.

Still, a good dividend-oriented fund like Mr. Stromberg's can provide healthy bull-market returns. For the five years ending June 30, 1998, a highly bullish period, T. Rowe Price Dividend Growth returned an annual average of 20.6 percent, just two points below the S&P and three points ahead of the average growth fund.

Bull markets last far longer than bear, and I would never suggest that investors stash all their money in equity-income funds. But up to 20 percent of your portfolio should be in stocks or funds that pay healthy dividends. Why do dividends count so much in bear markets? First, except in economic catastrophe, when companies suspend their payouts, dividends provide a positive flow of income even if the prices of stocks are falling. Second, dividend-paying stocks tend to be less volatile than capital-needy companies that plow nearly all of their profits back into the business.

Third, high-yielding stocks are probably value stocks; that is, their prices may be more reasonable than high-fliers.

If the bear keeps snarling, dividend-paying stocks and funds will give you some solace. In his new "Bear Book," John Rothchild writes: "Owning stocks that pay dividends is like owning rental property instead of raw land. In a slow market for real estate, land will just sit there, reminding you that you shouldn't have bought it. But rental property gives you income while you wait for that offer you can't refuse. In a slow market for stocks, a dividend is rent. It's the only reward you'll get, perhaps for several years, while you wait for stocks to appreciate."

For further information:

- T. ROWE PRICE DIVIDEND GROWTH. Telephone 1 410 547 2308, or, toll-free in the United States 1 800 638 5660.
- "The Bear Book" by John Rothchild, 288 pages, $24.95. John Wiley & Sons Inc. Telephone: 1 212 850 6000. Fax: 1 212 850 6008. E-mail: mfowiley.com Web site: www.wiley.com/products/subject/finance/finance
- "STOCKS FOR THE LONG RUN" by Jeremy Siegel. 302 pages, $29.95. Business McGraw-Hill. Fax: 1 212 337 5999. Web site: www.mcgraw-hill.com/business

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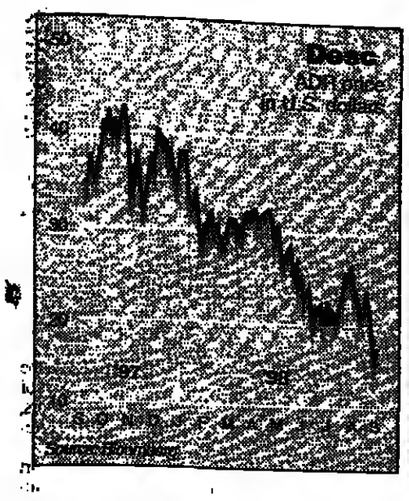
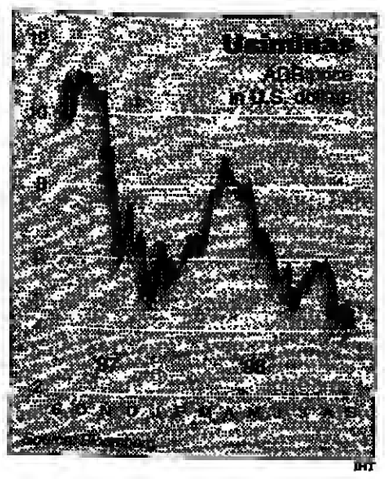




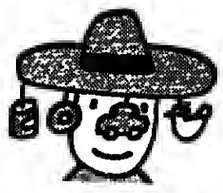
IHT

For the Bravest Bargain-Hunters, Brazil and Mexico Industrial Gems

By Judith Rehak

IT TAKES COURAGE to recommend a manufacturing stock in Latin America at the moment, and probably more than that to actually invest in one. Determined to hold down inflation and avoid abrupt currency devaluations as a result of Asia's economic problems, Latin America has taken another blow from Russia's political and financial turmoil. Unfair as that may be, company fundamentals and valuations have been ignored amid waves of selling.

But even in the best of times, finding a publicly listed, well-rated manufacturing company is no simple task. To begin with, there are relatively few available: Only Brazil, Latin America's largest economy, has a population big enough to support a substantial, home-grown manufacturing sector. Manufacturers in the region are often private companies or subsidiaries of multinationals.



Nevertheless, analysts who follow Latin America's manufacturers suggest that there are still opportunities at bargain prices.

In Mexico, the dominant players are conglomerates, which typically make an eclectic array of products ranging from food to auto parts. One such group, Desc SA, Mexico's fourth-largest industrial firm, is favored by Juan Carlos Mateos of Merrill Lynch & Co. in Mexico City.

Mr. Mateos believes that Desc is well-positioned to ride out the global storms for several reasons. As a major supplier of auto parts to the three major U.S. automakers, more than 50 percent of its revenues are in dollars or are dollar-linked, while costs like labor and electricity are in pesos. Its food business, including canned goods and poultry, is benefiting from rising consumption in Mexico, where workers are receiving wage increases as high as 27 percent, the first since the country's peso devaluation in late 1994. Desc dabbles in real estate, another recovering sector, and its chemical business, once a drag on profits, is now operating with 14 percent margins, Mr. Mateos said.

But Desc's American depositary receipts hovered near a 52-week low of $15 on Friday, despite second-quarter operating profits that beat estimates by 16 percent. Mr. Mateos said Desc was attractively valued, adding that he did not fear a possible slump in auto production.

"Companies like General Motors and Ford are focused on the best, lowest-cost alternative, and that is Mexico," he said. "If auto sales slow, they will focus even more on holding down costs."

In Brazil, Latin America's largest steelmaker, Usinas Siderurgicas de Minas Gerais SA, has garnered buy recommendations from several analysts. Usiminas makes a variety of products, including premolded auto parts, construction materials and pipe steel for the natural-gas industry. Defying predictions of a regional slowdown, domestic and regional demand has remained robust. In sharp contrast to the global steel market, where demand and prices have slumped, Usiminas has been able to command rising prices for its products at home, said Mauricio Reveco, an analyst at Salomon Smith Barney Inc. It exports only about 15 percent of its output.

Mr. Reveco also likes Usiminas's management strategy. For example, he noted that when its auto-parts business slowed, it compensated in part by investing some of its cash hoard in short-term government securities yielding a handsome 35 percent. Another point in the steelmaker's favor is its rich 17 percent dividend. The company, which has an American depositary receipt that trades over the counter, will pay out 53.8 percent of its net income this year.

Empresa Bras de Aeronautica, one of the most interesting Brazilian companies, is, for now, accessible only to big institutional investors. Still, investors should keep an eye on the company, which is Latin America's only aircraft maker and is widely known as Embraer. After eight years of losses, Embraer just announced first-half profits of $40.4 million, signaling its first profitable full-year.

Once government-run, the company has been slashing payrolls and costs since its privatization in 1994. But the source of its profitability is its new 37-seat and 50-seat jets, targeted at the lucrative and rapidly growing regional airline sector, said David Wheeler, who follows Embraer for Bear Stearns & Co. The company has amassed a $9 billion backlog of orders from carriers such as Continental Airlines in the United States, which ordered 25 planes and took options for another 25. Moreover, 90 percent of its sales are in dollars and it imports nearly two-thirds of its aircraft parts, which are also priced in dollars, a natural hedge against currency fluctuations.

"It's a hedge against Asia because it has no business there, and the stock is very cheap," Mr. Wheeler said, adding that he expected the share price to double by the end of next year.

Unfortunately, for all but wealthy private investors and institutions, buying companies listed only in Brazil is not easy, according to a broker familiar with the situation. Compared with Argentina and Mexico, Brazil's securities regulators have fairly tight rules. Even an institution must buy through a special account, usually with a major bank.

Demand at Home Is Key in Africa and Mideast

By Barbara Wall

PAINTS & CHEMICAL Industries Co., an Egyptian producer of phosphate-based fertilizers, is probably not the sort of company that would have excited international investors a couple of years ago. High tariff walls at home meant it could not compete efficiently internationally, and while growth opportunities in the domestic market appeared promising, there always seemed to be better investment bets elsewhere.

But sentiment has changed. Interest in Asia and Eastern Europe has shifted to Africa and the Middle East, and industries driven by domestic demand are getting the attention, according to emerging-markets analysts.

Tendai Musikavanhu, an analyst with Old Mutual Asset Managers in London, said several factors make manufacturers in parts of the Middle East and Africa attractive to investors.

"In assessing the relative merits of each country, a distinction has to made between Israel and the rest of the region," he said. "Israel has moved away from leftist, Kibbutz-type industries toward high-tech companies that can compete effectively on the world stage. It is an exciting country to invest in, but everyone recognizes this and consequently valuations have been driven very high."

"In other parts of the region," he added, "manufacturing companies are much more basic, usually one-product industries that are heavily reliant on domestic demand. When macroeconomic conditions are favorable, as they are at the moment, there is often a compelling argument for investing in these private-consumption plays."

There are at least two countries in the region, Egypt and Morocco, that Mr. Musikavanhu said had the right macroeconomic conditions and sufficiently developed industrial sector to appeal to international investors.

"Egypt and Morocco are experiencing steady and sustainable growth," he said. "The governments are committed to maintaining tight fiscal discipline and the emergence of an affluent middle class is driving consumer demand. Producers of white goods and foods and beverages should benefit from these developments."

Mohammed Abdel-Hadi, an Egypt analyst with Robert Fleming Securities Ltd. in London, agreed that the consumption growth story in Egypt was compelling. He added that he preferred privately managed ventures to partially state-owned enterprises.

"Although privately managed companies tend to be much smaller and less liquid than part-state-owned businesses, they generally provide a mixture of better growth prospects and strong management," he said.

Al-Ahram Beverages Co. tops Fleming's list of recommendations in the food-and-beverages sector, principally because of Egypt's relatively large population of 61 million people, but also because of a series of announcements on alliances and agreements for the company.

The brewery this week said its profit for the year through June 30 rose 25 percent, reflecting new, high-margin products and nonalcoholic beverage sales. It has a global depositary receipt that trades in London and Frankfurt.

Egyptian Financial & Industrial Co., a producer of phosphate-based chemicals, is another stock recommended by Fleming. Its export markets were affected by the Asian crisis, but Fleming likes the company because it will be able to sell its production in the local market at a higher profit margin.

A Fleming source said Egyptian Financial & Industrial "has not been affected by imports of phosphate fertilizers due to its conservative pricing policy."

Other Egyptian consumption plays include Eastern Tobacco Co., which dominates the cigarette market in Egypt with more than 90 percent market share in the different cigarette categories, and Olympic Group Financial Investments Co., a holding company providing exposure to domestic-appliance makers.

Although Morocco is another genuine growth story with a fast-developing stock market, it does not have as diversified an industrial base as Egypt.

Philip Khoury, an emerging-markets analyst with Fleming, said he believed the situation would change, but until it does investors would have a fairly restricted choice.

The main industrial stocks on the Casablanca exchange are the country's four large cement makers, but there are also two blue-chip conglomerates: ONA SA, formerly called Omnium Nord Africain, and Societe Nationale d'Investissement SA. Both derive most of their income from industrial activities.

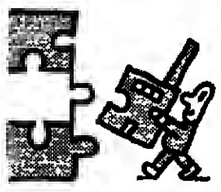
Mr. Khoury said Societe Nationale d'Investissement was a liquid vehicle that offered exposure to the cement, beverage and construction-materials sectors. He added that it was likely to maintain its current focus on building materials and food and beverages because per capita consumption was low by regional standards and was bound to rise strongly.

ONA, Morocco's largest company by market capitalization, does not have the same exposure to high-growth sectors of the economy. In 1997, international activities and mining contributed to 39 percent of net income. Less than 10 percent of earnings were derived from fast-growing manufacturing concerns.

Betting on Eastern Europe's Manufacturing Survivors

By Peter S. Green

COMMUNISM'S central planners were so afraid of the capitalist world's economic might that they replicated within their own small universe an array of manufacturing capacities, often rigidly assigning manufacturing tasks to each satellite country. Bulgaria turned out computers, Belarus made refrigerators, Czechoslovakia produced trams and pump motors, Poland manufactured wire cable and Hungary built buses.



Since 1990, many of these manufacturers, especially in the former Soviet Union, have wilted in the relentless heat of free-market competition, killed by poor product quality, collapsing markets, lack of investment and incompetent managers.

But others, particularly in Central Europe, have found new life, either in their traditional markets or as manufacturing havens for West European companies attracted by cheap, skilled labor, proximity to their markets and lax rules on working conditions and the environment.

Many of the manufacturers have been acquired outright by Western interests, but a few remain as potential investments.

Investors worried by Russia's woes should not be unduly concerned about them spreading to Central and Eastern Europe: Central Europe's trade flows with Russia are minuscule, apart from energy imports.

Profit-taking to cover losses in Russia and a general aversion to emerging markets have sent the regional bourses plummeting to record lows in the past two weeks, but within five years, five of the countries — the Czech Republic, Estonia, Hungary, Poland and Slovenia — are likely to be full members of the world's most prosperous trading bloc, the European Union.

Sarah Pohlinger, senior manager of Societe Generale's Central and East European Opportunities Fund and the SoGeLux Eastern Europe Fund, said she was "fairly low rated" in manufacturing, although one stock she has held is the Czech heavy manufacturing giant CKD Praha Holding a.s., which makes trams and subway cars.

CKD rose this year after managers, backed by institutional investors, restructured the company's finances, shut unprofitable divisions and sold unused real estate. But its price was savaged in the general sell-off after the Russian crisis. The stock, which closed as high as 1,380 koruna ($43) in March, was trading at 466.5 on Friday.

Daniel Botler, with the Czech-based Atlantik Financial Markets in Kiev, said Ukraine could be attractive for vulture investors, despite its shrinking economy.

"The market was already down to very low levels before the Russian crisis, so it won't be affected," Mr. Botler said. "It might be a long-haul investment, but it's a cheap one. The negative is that the governing forces, mainly the leftist Parliament, seem to be doing everything possible to thwart privatization."

Mr. Butler has two favorites in Ukraine: Cheksil, a textile maker whose wares show up on the shelves of Kmart stores in the United States, and Khartsyzskyi Trubnyi Zavod, a steel-pipe maker whose products compete with higher priced German exports for the business of Russia's energy giants.

He warned that investors in Ukraine must be prepared for odd developments. When the tiremaker Dniproshyna decided to declare a dividend, it only had enough cash to pay its main shareholder: the government. The other shareholders were paid in the one thing the company has in abundance: unsold tires.

At Expandia Finance in Prague, the chief researcher, Aaron Frank, said he likes another Ukrainian tire maker, Rosava, whose price is down 70 percent this year. Fundamentally, he said, the company looks reasonable but its market has collapsed.

Direct investors might want to look at Bulgaria and Romania, where cash-strapped governments are trying to overcome privatization inertia by offering factories for a nominal sum — sometimes as low as $1 — to investors who pledge to maintain production for two years, limit job cuts and assume debts and environmental liabilities.

Christopher Smart, an East European fund manager at Pioneer Group Inc. in Boston, said he sticks to countries poised to enter the EU, particularly in light of Russia's turmoil.

"The prospect of joining the European Union keeps a lot of these countries honest, keeps them focused on a balanced budget, stable currencies and liberal markets," he said.

He likes Amica Wronki, a Polish refrigerator maker that has kept foreign competition at bay, and could profit from a growing domestic consumer class. Raba Rt., a Hungarian maker of automotive axles, is another stock that interests him. But Mr. Smart worries about the firm's long-term attractiveness as it expands into world markets and as Hungary moves closer to EU wage and cost levels.

BRIEFCASE

German Manager Sets Funds for East

Germany may be the largest single investor in Eastern Europe, with vast holdings in small and heavy industry, but German banks and mutual funds have been noticeably shy about hanging their shingles above the cobbles of the region's main streets.

That may now change, as Union-Investment Gesellschaft, Germany's fifth-largest fund manager, with 60 billion Deutsche marks ($35.9 billion) under management, has announced plans to set up investment funds for citizens in Poland and Hungary. Plans for a similar fund in Russia were, understandably, delayed by the current crisis there.

"We said we want growth, and the claims have already been staked to the developed market, so we decided to look for emerging markets," said Rolf Drees, a spokesman for Union.

Using local banks in Hungary and Poland, Union will combine its fund-management expertise with local distribution channels. Initial plans are for a single debt fund and a single equity fund in each country. Laws in Poland and Hungary, Mr. Drees said, now prevent local citizens from owning foreign stocks or bonds, so initially the funds will focus on the local market.

Union-Invest hopes to start its new funds by the end of the year. In Hungary, it has bought 50 percent of the local fund manager Takarek Befektetesi Alapkezelo from the Takarek Bank Group, which represents a network of more than 200 local savings banks. In Poland, the partner is Kredyt Bank PBI, a privately owned bank.

With East European markets in free-fall, with a severe case of Russian flu, why did Union-Invest act now?

"As these markets develop, we want to be in there, and there are two ways to get into the market," Mr. Drees said. "You can either wait until they open the market to you or you can try to get in before. We decided to get in before."

Union-Invest, he said, is looking beyond the current crisis to the expected entry of Poland and Hungary into the European Union in 2003.

"We think that the emerging equity markets, like most equity markets, are a long-term thing and to get the timing exactly right is of course very difficult," Mr. Drees said. "But we think these markets will soon bottom out and that in a five-year time horizon, the gains outweigh the risks." *(IHT)*

FOR FURTHER INFORMATION, contact Union-Invest by telephone at 49 69 256 73, by fax at 49 69 256 7371, or see the Web site at www.union-invest.de

Russian Vehicles See Red in August

Hedge funds that invest most or all of their assets in Russia were savaged in August as a result of the country's economic crisis, according to the newsletter MAR/Hedge.

Among funds that have reported preliminary results, the Croesus-UFG Russia Fund had the worst performance, the newsletter said, with 57.5 percent of its assets lost, leaving it with $21.4 million.

Other big losers among the funds with exposure to Russia and Eastern Europe that have reported so far were Hermitage Fund II, down 29.9 percent, Consulta Emerging Markets Debt, which lost 29.6 percent, and Park Place International, down 28.1 percent.

Lois Peltz, managing editor of the publication, said, "Some Russian hedge funds have suspended calculation of their net-asset values and redemption rights of investors — as permitted in their prospectuses — pending more accurate pricing in the underlying securities." Examples include Renaissance's Russia Bond Fund and Russia Growth Fund, several Regent funds, Orion Russia/NIS Debt Fund and Opportunity Fund, and ANZ Emerging Markets Relative Value Fund.

The managers of Infinity Investors Ltd. told their investors that they expected almost a "total loss" on their holdings of Russian debt, which accounted for 7.5 percent of their fund. *(IHT)*

Herald International Tribune
SPORTS

WORLD ROUNDUP

Real Warns UEFA

SOCCER Lorenzo Sanz, Real Madrid's president, said Friday that UEFA, European soccer's governing body, would regret rejecting the club's appeal against a one-match home ban in the European Cup.

The ban was imposed following last season's semifinal against Borussia Dortmund in Madrid, when the club took more than an hour to replace a goal knocked over by its fans. The ban means Real, the holder, must play its Champions' League game against Inter Milan away from its Bernabeu Stadium.

Sanz has been involved in talks on a possible European Super League independent of UEFA.

"UEFA are going to regret this decision for a long time," he said. "In a few months they will realize what they've done. I have the feeling that the cost of this decision could be high." *(Reuters)*

• Thailand and Indonesia, which tried to lose to each other in a Tiger Cup match Monday to avoid playing Vietnam, were each fined $40,000 Friday. *(Reuters)*

Faldo Misses the Cut

GOLF Nick Faldo missed his first European Tour cut in four and a half years Friday, though he shot 70 in the European Masters at Crans-Sur-Sierre in Switzerland on Friday for a two-round 141, one under par. Patrik Sjoland shot a five-under-par second 66 for a total of 131 to take the halfway lead. *(Reuters)*

Giants Sign Kanell Again

FOOTBALL The New York Giants signed quarterback Danny Kanell to a two-year contract extension, reportedly worth $10 million. Kanell was to be paid the league minimum of $216,000 in the final year of his origninal three-year contract.

• Pro Bowl running back Dorsey Levens signed a five-year contract with the Green Bay Packers for a reported $25 million. *(AP)*

Hokies Blank Tigers

COLLEGE FOOTBALL Quarterback Aaron Brooks threw a 61-yard touchdown pass and set up two field goals with passes as The University of Virginia, ranked No.19, beat No. 25 Auburn, 19-0, on Thursday. Auburn totaled just 179 yards of offense, only 18 rushing.

Keith Smith, a replacement quarterback, completed 17 of 22 passes for 218 yards and two touchdowns as No. 24 Arizona beat Hawaii, 27-6, in Honolulu. *(AP)*

Novotna and Seles Easy Winners

They Advance Into the 4th Round While Henman Beats Mantilla

The Associated Press

NEW YORK — Wimbledon champion Jana Novotna and sixth-seeded Monica Seles moved into familiar territory Friday, capturing straight-set victories to advance to the fourth round of the U.S. Open.

Novotna, seeded third and seeking her second straight Grand Slam tournament title, defeated Sandrine Testud of France 6-2, 6-3.

Seles, who has won twice at the National Tennis Center, but not since 1992, pounded her way past Annie Miller of the United States, 6-3, 6-3.

"I've been able to turn my game up a couple of notches to win," Seles said.

In another early women's singles match, Nathalie Decby of France defeated Gala Leon Garcia of Spain 6-4, 6-4. Dechy will next play the winner of a later third-round match, pitting top-seeded Martina Hingis, the defending champion, against Amelie Mauresmo of France.

Tim Henman, the men's No. 13 seed, beat Felix Mantilla of Spain, 6-3, 5-7, 7-5, 6-4

In Thursday's late matches, the New York Times reported:

Just when it seemed that this 1998 U.S. Open was going to parcel out the drama in tiny doses, Pete Sampras and Andre Agassi received simultaneous scares. A pair of unintimidating but intriguing challengers summoned the audacity to make the former Open champions stumble before they had even reached the third round.

Sampras, the four-time Open champion who can tie Roy Emerson's career record of 12 Grand Slams by staying on track for a fifth U.S. Open title, was menaced by Paul Goldstein of Stanford University, a 256th-ranked wild card whose main tour experience consists of a single victory in the first round here, courtesy of an opponent's default.

Sampras, his racquet flailing like a fly swatter, his shots straying like buckshot and a grimace of disgust on his face, played like a pretender before settling down to business with a 7-6 (7-4), 2-6, 6-3, 6-3 victory.

"It was just one of those days where I wasn't playing that great, just had to try

U.S. OPEN

and find a way to get through it, and I did," said Sampras, who was oot offended by the challenger-friendly hooting and bollering that emanated from the packed gallery.

"It really wasn't any big deal," Sampras said. "You just have to shut it out. It wasn't like they were rooting against me, they were just pulling for him."

Goldstein admitted it had been his hope to keep things competitive and keep Sampras engaged "for at least an hour" in Louis Armstrong Stadium, the court where Sampras won all four of his Open titles.

Instead, helped along by 24 unforced errors in the first set by the top-seeded player and 19 more in the second, Goldstein prolonged Sampras' discomfort for 2 hours and 8 minutes.

Agassi's distress lasted even longer. After drawing an interesting second-round opponent in Guillaume Raoux, who warmed up for this Open by knocking the defending champion, Patrick Rafter, off his pedestal two weeks ago in New Haven, Connecticut, Agassi proceeded to joust with him for 2 hours and 56 minutes.

But things heated up once Raoux caught Agassi napping and sent the match into a fifth set, with Agassi winning, 6-3, 6-2, 6-7 (6-8), 3-6, 6-1.

"I was really frustrated with myself for letting it get to the fourth set," Agassi said. "It was careless tennis, and you can't afford to have that happen or you're going to be in the fifth. I think it certainly was a wake-up call of sorts for me to be up two sets and not to close it out."

■ Loser Misses Swiss Flight

Marc Rosset, the top Swiss male player, was scheduled to return to Geneva on the ill-fated Flight 111 on Wednesday night after losing in the first round. Instead, he stayed an extra day to practice with players still in the tourney, The Associated Press reported.

"It was a strange feeling when you know you just realize that for just changing your mind you are still alive," he said. "I think I am a little afraid, when you realize you were close to dying."

Timothy Clary/Agence France-Presse

Jana Novotna of the Czech Republic reaching for a return Friday at the U.S. Open. Novotna defeated Sandrine Testud of France, 6-2, 6-3.

Back to Work (Already) for National Teams in Euro 2000 Play

By Rob Hughes
International Herald Tribune

LONDON — If there was time to breathe for Europe's soccer soldiers this summer, I missed it. So, probably did they. The World Cup Champagne has hardly dried before France's finest are obliged to replace their Legion of Honor medals with beads of sweat in Reykjavik on Saturday as they begin efforts to add the European title to the World Cup.

Icelanders await. Only 10,000, because that is capacity of the stadium, but the reception will be nothing like that which the French team received from the estimated millioo French folk wbo swirled around the Champs-Elysees barely two months ago.

The new French challenge, under a new coach, Roger Lemerre, starts with the first competitive match that *Les Bleus* have faced on foreign soil since the last European championship in England more than two years ago. There are 22 countries in action this weekend, as qualifying for Euro 2000 gathers pace. The matches include an intriguing trip for England, whose players and coacb are too busy telling tales in books to find harmony. England tackles Sweden in Stockholm, where it has oot woo in 61 years.

Italy, meanwhile, begins a *rivoluzione*, according to Italian report, under Dino Zoff. This once-redoubtable

EUROPEAN SOCCER

goalie takes the Azzurri to Anfield Stadium where Wales, the opponent, is borrowing the home of Liverpool of England because a oew national stadium is being built in Cardiff.

Then there is Spain. Coach Javier Clemente, ridiculed and caricatured since his World Cup squad nosedived, may relish starting over with his team in Cyprus — a new competition and a chance of redemptioo begun far from the madding home crowd.

More curious still will be the contest in Kiev on Saturday. There, before the biggest crowd of the day, Ukraine meets Russia. Or maybe Ukraine meets old Ukraine. Anatoli Byshovets, starting his second period as the national coach for Russia, takes his players to Kiev where he, as a center forward and a Ukrainian, made his name.

Moreover, Byshovets has reselected Andrei Kanchelskis, among the swiftest wingers in the game. Ukrainians know him well, for Kanchelskis is one of them.

The Soviet empire gave them the choice of playing for Ukraine or for Russia. The homecoming of the comrades could be a mite uncomfortable, the lines between winning and losing and national honor a little confused.

But back to Reykjavik. Doubtless it will be colder there than in the Stade de France in high summer, cold reality to a French side that woo the World Cup without possessing a true center forward.

The solid defense, the fine approach work were often wasted by attacking impotence long before 1998. It took inspired scoring displays, by Lilian Thuram, a defender, and Zinedine Zidane, a midfielder, doing the forwards' job for them, to win the historic prize.

Aime Jacquet was a sound and a lucky coach. Lemerre, his deputy, continues the search, inviting Lilian Laslandes, the Bordeaux forward, and perhaps Christophe Dugarry to try to cure the finishing malaise. It will be tough.

Italy was one of France's victims in the World Cup. It lost on penalty kicks in a match in which neither team scored. For that, away with Cesare Maldini, who must be too old if his players couldn't score, and in with Zoff, whose qualities of grave honesty, unflappable resilience and undivided loyalty endured through 112 national team games, including the 1982 World Cup triumph.

Zoff saw the sterility of Italy in July. It lay oot in attack, where Christian Vieiri provided the athletic strength and either Roberto Baggio or Alessandro Del Piero worked ingeniously off him. Rather it was midfield, from which Zoff drops Roberto di Matteo, Angelo di Livio, Francesco Moriero and, at least to the subs' bench, Demetrio Albertini. Instead, Zoff pairs two men of Parma, Dino Baggio and Diego Fuser, together with two AS Roma players, Eusebio Di Francesco oo the left and Luigi di Biagio, the thrusting yoong lion of the center.

Zoff bids *arrivederci* to Gianluca Pagliuca to restore the Juventus keeper, Angelo Peruzzi. Without the injured Paolo Maldini, the coach brings in Micbele Serena at left back. He pairs Fabio Cannavaro with Mark Iuliano at center back and possibly trusts Moreno Torricelli at right back.

That may be Wales's best opportunity. For Wales bas Ryan Giggs, a player so fast and so good it is ooe of the sadnesses of soccer that he rarely has a supporting cast, at national level, fit for his talents. The players Zoff casts aside would be stars for a small country like Wales.

Meanwhile Wales's larger oeighbor is oot short on self-esteem. "Our next objective," declares the English FA, "is to win Euro 2000."

Rob Hughes is chief sports writer for The Times of London

SCOREBOARD

BASEBALL

MAJOR LEAGUE STANDINGS

AMERICAN LEAGUE

EAST DIVISION	W	L	Pct.	GB
y-New York	99	38	.723	—
Boston	81	57	.587	18½
Toronto	74	66	.529	26½
Baltimore	69	70	.496	31
Tampa Bay	54	85	.388	46
CENTRAL DIVISION				
Cleveland	77	62	.554	—
Chicago	64	75	.460	13
Kansas City	64	75	.460	13
Minnesota	62	77	.446	15
Detroit	53	87	.379	24½
WEST DIVISION				
Anaheim	77	63	.550	—
Texas	74	65	.532	2½
Oakland	64	76	.457	13
Seattle	63	75	.457	13

y-clinched playoff berth

NATIONAL LEAGUE

EAST DIVISION	W	L	Pct.	GB
Atlanta	91	49	.650	—
New York	77	63	.550	14
Philadelphia	66	74	.471	25
Montreal	53	88	.376	38½
Florida	47	93	.336	44
CENTRAL DIVISION				
Houston	88	52	.629	—
Chicago	78	62	.557	10
St. Louis	67	72	.482	20½
Milwaukee	66	74	.471	22
Cincinnati	66	75	.464	23
Pittsburgh	64	74	.464	23
WEST DIVISION				
San Diego	90	50	.643	—
San Francisco	76	64	.543	14
Los Angeles	70	70	.500	20
Colorado	64	77	.454	26½
Arizona	56	85	.397	34½

THURSDAY'S LINESCORES

AMERICAN LEAGUE

Tampa Bay	000	200	100	100—4	9	5
Minnesota	000	200	001	101—5	10	0

12 innings

Rekar, Aldred (8), Meclr (9), White (11) and Diffelice; Radke, Serafini (10), Carrasco (10), Guardado (10) and Steinbach. W—Guardado, 3-1. L—White, 1-5. HRs—Tampa Bay, McGriff (16). Minnesota, Lawton (17).

Cleveland	002	000	000	—2	7	0
Detroit	001	000	000	—1	7	1

Gooden, Poole (8), S. Reed (8), Assenmacher (9), M. Jackson (9) and S. Alomar; J.Thompson, M. Anderson (9) and Baka. W—Gooden, 7-6. L—J. Thompson, 10-13. Sv—M. Jackson (35).

Boston	000	010	110	00—3	12	0
Toronto	000	002	100	01—4	9	0

11 innings

P.Martinez, Swindell (8), Eckersley (9), Lowe (10), D. Veres (11) and Hatteberg, Varitek (8); W.Williams, Quantrill (8), Plesac (9), Almanzar (9), Person (11) and Fletcher, K. L.Brown (9). W—Person, 3-0. L—D. Veres, 0-1. HR—Boston, Jn.Valentin (19).

NATIONAL LEAGUE

Arizona	001	000	000	—1	4	0
Pittsburgh	000	000	000	—0	3	0

Bn.Anderson and Stimsnitz; F.Cordova and Kendall. W—Bn.Anderson, 11-12. L—F. Cordova, 12-12.

Colorado	100	101	000	—3	11	1
Milwaukee	000	220	02x	—7	10	2

Thomson, Leskanic (7), McElroy (8) and Stirtmatter; Woodall, Weathers (7), M. Myers (8), C. Fox (9), Wickman (9) and Matheny. W—Woodall, 7-8. L—Thomson, 0-10. HRs—Colorado, Castillo (39), Milwaukee, Nilsson 2 (9), Burnitz (32), Woodall (1).

JAPANESE LEAGUES

CENTRAL LEAGUE

	W	L	T	Pct	GB
Yokohama	63	42	1	.596	—
Chunichi	62	48	1	.564	3
Yomiuri	59	55	0	.510	8
Yakult	54	53	0	.505	9½
Hiroshima	49	62	0	.441	16½
Hanshin	43	69	0	.384	23

PACIFIC LEAGUE

	W	L	T	Pct	GB
Nippon Ham	60	50	2	.545	—
Seibu	54	47	2	.535	1½
Kintetsu	59	54	0	.522	2½
Daiei	50	55	1	.513	3½
Orix	50	59	2	.459	9½
Lotte	45	61	1	.425	14

FRIDAY RESULTS

CENTRAL LEAGUE

Hanshin 7, Hiroshima 0
Yomiuri 2, Yakult 1
Yokohama 5, Chunichi 2

PACIFIC LEAGUE

Orix 6, Nippon Ham 2
Lotte 5, Kintetsu 1
Seibu 7, Daiei 1

FOOTBALL

MAJOR COLLEGE SCORES

Arizona 27, Hawaii 6
Virginia 19, Auburn 0

SOCCER

MAJOR LEAGUE SOCCER

Tampa Bay 2, San Jose 1

TENNIS

U.S. OPEN

LATE THURSDAY IN NEW YORK

MEN'S SINGLES

SECOND ROUND

Marat Safin, Rus., def. Taylor Dent, U.S., 6-3, 6-1, 7-6 (7-2); Adrian Voinea, Rom., def. Bob Bryan, U.S., 0-6, 6-3, 6-4, 6-4.

Andre Agassi (8), U.S., def. Guillaume Raoux, Fr., 6-3, 6-2, 6-7 (6-8), 3-6, 6-1.

Pete Sampras (1), U.S., def. Paul Goldstein, U.S., 7-6 (7-4), 2-6, 6-3, 6-3.

Jan Siemerink, Neth., def. Dominik Hrbaty, Slovakia, 6-4, 6-3, 6-4; Paul Haarhuis, Neth., def. Guillermo Canas, Arg., 6-1, 6-1, 7-5.

Patrick Rafter (3), Aus., def. Hernan Gumy, Arg., 6-4, 6-1, 6-2. Thomas Muster, Austria, def. Wayne Black, Zim., 6-7 (5-7), 6-4, 6-3, 6-0.

Davide Sanguinetti, It., def. Martin Damm, Czech R., 7-6 (8-6), 7-6 (7-5), 6-4.

David Nalbandian, S. Afr., def. Gustavo Kuerten, Braz., 2-6, 6-4, 6-3, 6-4.

Goran Ivanisevic (14), Cro., def. Todd Martin, U.S., 1-6, 7-6 (7-5), 7-5, 6-3.

WOMEN'S SINGLES

SECOND ROUND

Larisa Neiland, Latvia, def. Mariaan de Swardt, S. Afr., 5-7, 6-0, 6-2; Lisa Raymond, U.S., def. Natasha Zvereva, Belarus, 6-2, 6-2.

Mary Joe Fernandez, U.S., def. Alexandra Fusai, Fr., 6-3, 4-6, 7-6 (12-10); Lindsay Davenport (2), U.S., def. Lori McNeil, U.S., 6-1, 6-1.

Nathalie Tauziat (10), Fr., def. Olga Barabanschikova, Belarus, 6-7 (4-7), 6-2, 6-3.

Virginia Ruano-Pascual, Spain, def. Tara Snyder, U.S., 6-4, 6-4; Mary Pierce (12), France, def. Cara Black, Zim., 6-1, 6-1.

Henrieta Nagyova, Slovak., def. Chanda Rubin, U.S., 7-6 (7-3), 6-4. Conchita Martinez (7), Spain, def. Jackie Trail, U.S., 7-6 (7-4), 6-1.

Anna Kournikova (15), Russia, def. Radka Bobkova, Czech R., 6-3, 6-4.

FRIDAY IN RESULTS

MEN'S SINGLES

SECOND ROUND

Byron Black, Zim., def. Fernando Vicente, Spain, 7-6 (7-4), 6-1, 7-5.

Nicolas Kiefer, Ger., def. Francisco Clavet, Spain, 6-4, 7-6 (7-3), 6-1.

Tim Henman (13), Brit., def. Felix Mantilla, Sp., 6-3, 5-7, 7-5, 6-4.

Oliver Gross, Ger., def. Sergi Bruguera, Sp., 6-1, 6-3, 6-4.

Richard Krajicek (5), Neth., def. Alex O'Brien, U.S., 6-1, 7-6 (7-5), 6-2.

Yevgeny Kafelnikov (11), Rus., def. Tommy Haas, Ger., def. 7-6, 6-2, 1-6, 7-5.

Oliver Gross, Ger., def. Sergi Bruguera, Sp., 6-1, 6-3, 6-4.

WOMEN'S SINGLES

THIRD ROUND

Jana Novotna (3), Czech R., def. Sandrine Testud, Fr., 6-2, 6-3.

Monica Seles (6), U.S., def. Annie Miller, U.S., 6-2, 6-3.

Nathalie Dechy, Fr., def. Gala Leon Garcia, Sp., 6-4, 6-4.

Patty Schnyder (11), Switz., def. Mary Joe Fernandez, U.S., 6-1, 7-6 (7-3).

TRANSITIONS

BASEBALL

AMERICAN LEAGUE

BOSTON—Recalled RHP Darie Veres from Pawtucket, IL.

DETROIT—Bought contract of RHP Marino Santana from Toledo, IL. Named Jeff Jones bullpen coach and Fred Kendall dugout coach.

KANSAS CITY—Bought contract of RHP Jeff Suppan from Arizona Diamondbacks. Designated INF Luis Rivera for assignment.

TORONTO—Activated C Benito Santiago from 60-day disabled list.

NATIONAL LEAGUE

CINCINNATI—Activated RHP Keith Glauber from 60-day disabled list.

COLORADO—Recalled C Mark Sittimatter from Colorado Springs, PCL.

FLORIDA—Recalled DF Preston Wilson from Charlotte, IL.

HOUSTON—Recalled LHP C.J. Nitkowski and INF Russ Johnson from New Orleans, PCL.

MONTREAL—Recalled LHP Rick DeHart, C Mike Hubbard, OF Fernando Seguignol and INF Jose Vidro from Ottawa, IL. Bought contract of LHP Tim Young from Ottawa and C-INF Michael Barrett from Harrisburg, EL.

N.Y. METS—Received cash considerations in lieu of player to be named from Arizona to complete July 31 trade. Sent cash considerations to lieu of a player to be named to Kansas City to complete on August 10 trade.

PITTSBURGH—Extended contract of Cam Bonifay, general manager, through 2003. Recalled INF Abraham Nunez and RHP Elmer Dessens from Nashville, PCL, and OF Emil Brown from Carolina, SL.

ST. LOUIS—Bought contract of DF Joe McEwing from Memphis, PCL.

SAN DIEGO—Activated OF Tony Gwynn from 15-day disabled list. Agreed to terms with 3B Sean Burroughs.

SAN FRANCISCO—Recalled C Doug Mirabelli, INF Ramon Martinez and OF Armando Rios from Fresno, PCL. Bought contract of RHP Cory Bailey and OF Chris Jones from Fresno.

BASKETBALL

NATIONAL BASKETBALL ASSOCIATION

LA LAKERS—Signed Jerry West, executive vice president, to 4-year contract extension through 2002-2003 season.

FOOTBALL

NATIONAL FOOTBALL LEAGUE

GREEN BAY—Signed RB Dorsey Levens to 5-year contract. Waived QB Matt Hasselbeck.

INDIANAPOLIS—Waived CB Carlton Gray.

NEW ORLEANS—Waived WR Mill Stegall from injured reserve-injury settlement list.

N.Y. GIANTS—Signed QB Danny Kanell to 3-year contract.

HOCKEY

NATIONAL HOCKEY LEAGUE

ANAHEIM—Signed D Dan Trebil to 1-year contract with a team option. Signed G Patrick Lalime to 1-year contract with an option. Signed D Fredrik Olausson to 2-year contract. Signed C Steve Rucchin to 4-year contract.

ATLANTA—Named Lou Jackson assistant general manager and Don Marr head scout.

BUFFALO—Signed RW Steffon Walby. Agreed to terms with LW Randy Cunneyworth on multiyear contract.

CALGARY—Signed D Todd Simpson to 3-year contract. Signed LW Dave Roche.

CAROLINA—Announced retirement of D Al Iafrate. Bought out contract of RW Steve Rice.

CHICAGO—Acquired D Doug Zmolek from Los Angeles for 1999 3d-round draft pick. Resigned C-LW James Black. Signed D Bryan Fogarty, RW Chris Herperger and RW Marko Makinnen.

COLLEGE

OREGON—Agreed to terms with Mike Belotti, football coach, on 4-year contract.

SOUTH CAROLINA—Suspended RB Troy Hambrick 1 game for violating team policy.

THE WEEK AHEAD

SATURDAY, SEPT. 5

ATHLETICS, Moscow — athletics, men, women, Grand Prix Final.

CYCLING, Madrid, Spain — Tour of Spain, to Sept. 27.

GOLF, Crans-sur-Sierre, Switzerland — men, Canon European Masters; Tomakomai, Japan — men, PGA Match Play, to Sept. 6; Milwaukee — men, Greater Milwaukee Open, to Sept. 6; Minamitsuru, Japan — women, Fuji Sankei Ladies, to Sept. 6; Milton, Florida — seniors, Emerald Coast Classic, to Sept. 6; Portland, Oregon — women, The Safeway Championship, to Sept. 6.

SOCCER, European Championship, qualifying: Wales vs. Italy; Belarus vs. Denmark; Georgia vs. Albania; Finland vs. Moldova; Turkey vs. Northern Ireland; Armenia vs. Andorra; Iceland vs. France; Ukraine vs. Russia; Sweden vs. England; Austria vs. Israel; Cyprus vs. Spain; Slovakia vs. Azerbaijan; Ireland vs. Croatia; Lithuania vs. Scotland; Bosina vs. Estonia. Hanoi, Vietnam — Tiger Cup, final, Vietnam vs. Singapore.

TENNIS, New York — U.S. Open, New York, to Sept. 13.

WRESTLING, Poznan, Poland — women, World Championships, to Sept. 4.

SUNDAY, SEPT 6

AMERICAN FOOTBALL, start of U.S. National Football League season.

ATHLETICS, Sydney Marathon.

MOTORCYCLE RACING, Imola, Italy — San Marlo Grand Prix.

ROWING, Cologne, Germany — World Rowing Championships, to Sept. 13.

SOCCER, European Championship, qualifying: Greece vs. Slovenia; Norway vs. Latvia; Bulgaria vs. Poland; Hungary vs. Portugal; Macedonia vs. Malta; Faeroe Islands vs. Czech Republic, Eilbicoke, Ontario, Canada — women, 3d Women's CONCACAF Championship.

MONDAY, SEPT. 7

No major entries.

TUESDAY, SEPT. 8

WRESTLING, Tehran, Iran — men, World Championships (freestyle), to Sept. 11.

WEDNESDAY, SEPT. 9

SOCCER, Istanbul, Turkey — World Stars vs. Turkish Stars exhibition matchs CONMEBOL Cup, semifinals, first leg: Santos, Brazil, vs. Sampaio Correa, Brazil; Atletico Mineiro, Brazil, vs. Rosario Central, Argentina.

THURSDAY, SEPT. 10

GOLF, Coventry, England — men, British Masters, to Sept. 13; Inba, Japan — men, Suntory Open, to Sept. 13; Kani, Japan — women, Japan LPGA Championship, to Sept. 13; Oakville, Ontario, Canada — men, Bell Canadian Open, to Sept. 13; Kent, Washington — women, SAFECO Classic, to Sept. 13.

FRIDAY, SEPT. 11

ATHLETICS, Johannesburg, South Africa — World Cup, to Sept. 13.

GAMES, Kuala Lumpur, Malaysia — Commonwealth Games, to Sept. 21.

GOLF, Indianapolis — men, seniors, Comfort Classic, to Sept. 13.

TABLE TENNIS, Taipei, Taiwan — Women's World Cup, to Sept. 13.

SATURDAY, SEPT. 12

CRICKET, Toronto, Canada — Sahara Cup limited-overs international tournament, India vs. Pakistan.

HORSE RACING, Doncaster, England — St. Leger.

RUGBY UNION, Rabat, Morocco — World Cup, qualifying: Morocco vs. Zimbabwe, Ivory Coast vs. Namibia.

SOCCER, Foxboro, Massachusetts — women, U.S. Cup '98, United States vs. Mexico.

SUNDAY, SEPT. 13

CRICKET, Toronto, Canada — Sahara Cup limited-overs international tournament, India vs. Pakistan.

MOTOR RACING, Monza, Italy — Formula One, Italian Grand Prix; Monterey, California — Indy-car, Grand Prix of Monterey.

SUMO, Tokyo — Autumn Grand Sumo Tournament, to Sept. 27.

هكذا من الأصل

SPORTS

Putting 'College' Back Into Football

By Ian Thomsen
International Herald Tribune

BOSTON — For millions of Americans, Saturday is an anniversary. By implication we are a year further removed from our youth. At the same time it gives us something to cheer for. It's the opening Saturday of the college football season.

The top player this year seems to be a junior linebacker at Ohio State University,

IN AMERICA

Andy Katzenmoyer, who openly admits that he has no interest in schoolwork. He is merely declaring the sentiments of hundreds of other players and coaches at the highest, lucrative, televised level — that college football is all about winning football games and has little to do with attending college.

Someday, maybe, the presidents of the top football universities will be forced to admit that football exists at their schools to make money, academics be damned. At the moment, those football programs are grossing hundreds of millions of dollars, while denying income to players on the grounds that it would diminish the values of the sport.

The truth is that college football can survive just about anything. It thrives not in the stardom of Katzenmoyer, but in the best fans that U.S. sport can produce.

Dick Regan is the perfect example. His grandfather went to the College of the Holy Cross in Worcester, Massachusetts, about an hour west of Boston. Regan's father went to Holy Cross. Regan himself wound up enrolling at Holy Cross.

"I grew up my whole life following Holy Cross," he said this week from the office in which a fantasy has come true — for he is the new athletic director at Holy Cross.

"Even when we were living in Indiana and Philadelphia, as a kid, I'd look in the papers to see how they did each Saturday," he said. "I wore the Holy Cross T-shirt, the whole thing. I was always going to go to Holy Cross."

He graduated in 1976 with a degree in economics. One thing led to another and he went to work in the front office of the New England Patriots. Another thing led to something else and for six and a half years he was in London, working for NFL Europe, trying to colonize the Old World with American football.

"I'm not sure there's a great difference between the following of the soccer clubs in England and the following of college sports in America," he said.

Holy Cross used to be a power. On Nov. 28, 1942, the Holy Cross football team upset the nation's No. 1, Boston College, 55-12.

In the 1980s, when the biggest college football programs began demanding millions of dollars in TV revenue, Holy Cross had to make a decision. "There was no way a school our size, with our academic emphasis, was ever going to keep up with schools like Boston College and Notre Dame," Regan said. So Holy Cross downgraded. It no longer offers scholarships to its players.

"Our players play because they love the game," Regan said. "There is no other reason."

Holy Cross numbers fewer than 2,700 students, yet this weekend a crowd of 6,000 to 10,000 will attend the opening football game against Fairfield University of Connecticut. In hundreds of schools, big and small, it will be the same all across America. Alumni and parents of students touring the campus over the weekend, holding informal reunions and barbecuing in the parking lot outside the stadium in the hours before the game, a tradition known as the "tailgate."

That, really, is the difference between a school and a club. A professional club in any country exists to win, lose or draw. A school like Holy Cross gives the result perspective.

Ian Thomsen is a senior writer at Sports Illustrated.

Morry Gash/The Associated Press

The Rockies' Neifi Perez failing to stop a hit by the Brewers' Mark Loretta.

Indians Slip By Tigers, 2-1

The Associated Press

A double by Kenny Lofton drove in both Cleveland runs as the Indians and Dwight Gooden won in Detroit.

The 2-1 victory Thursday night over the Tigers was Gooden's fourth straight winning decision.

After singles by Sandy Alomar and Enrique Wilson, Lofton hit an opposite-field double

BASEBALL ROUNDUP

into the left-field corner that scored both runners.

Justin Thompson (10-13), the Detroit starter, matching a career-high four-game losing streak, gave up two runs on six hits with two walks and six strikeouts.

"I made a good pitch to Lofton," said Thompson, who has been supported with just 28 runs in his 13 losses. "He just seemed to stick the bat out. He didn't try to do anything special. That's what makes him such a good leadoff hitter."

Thompson pitched almost as well as the rejuvenated Gooden, but not quite.

Twins 5, Devil Rays 4 Todd Walker doubled and scored on a single by Terry Steinbach in the 12th inning.

A season-low crowd of 7,072 at the Metrodome saw the Twins rally twice late in the game. Minnesota made it 3-3 with a run in the ninth, and Matt Lawton's two-out homer in the 10th tied it at 4.

Blue Jays 4, Red Sox 3 Shannon Stewart drove in the winning run in the bottom of the 11th with his fourth hit of the game as Toronto won its seventh straight.

In the first game of a four-game series, the Blue Jays beat Pedro Martinez and moved within a half-game of overtaking Texas for second place in the AL wild-card race. A sweep in this series would move the Blue Jays within five games of the Red Sox, the AL wild-card leader.

In the National League:

Diamondbacks 1, Pirates 0 Brian Anderson pitched a three-hitter for his first career shutout as Arizona won in Pittsburgh to extend the longest winning streak in its brief history. The Diamondbacks finished off a three-game sweep of one-run games, holding the slumping Pirates to one run in the final two games and four in the series.

Arizona has long since abandoned any hope of finishing anywhere but last in the NL West, but the expansion Diamondbacks — winners of six in a row and eight of 11 — are the National League's hottest team.

The Diamondbacks (56-85) aren't playing for a pennant, but they could finish with one of the best records ever by an expansion club. They've already won more games than the Mets, Padres, Expos and Blue Jays did during their inaugural seasons, and they are two victories ahead of Colorado's pace during the 1993 season, in which the Rockies won 67 games.

Brewers 7, Rockies 3 In Milwaukee, Brad Woodall homered and pitched six strong innings, and Dave Nilsson hit a pair of two-run homers for the Brewers.

Packers and Favre Look Ready to Tame Lions

By Mike Freeman
New York Times Service

Lions at Packers Very quietly, Green Bay quarterback Brett Favre has had a strong preseason. He is just picking up where the team left off. Green Bay finished last year with the conference's No. 1 pass offense (231 yards a game) and Favre's 89.3 career passer rating is one of the best in the league. The Pack will be back, probably in the conference title game. The Lions, meanwhile, are back to where they have always been: relying on Barry Sanders and hoping that this will be the

NFL MATCHUPS

year quarterback Scott Mitchell comes out of his coma. *Packers, 28-21.*

Falcons at Panthers Many are picking Atlanta to make the playoffs this season. If the Falcons are going to, this is a game they need to win. True, saying the first game is a big one is a tad overdramatic but the Falcons got off to a poor start last season and a repeat would kill any postseason hopes. *Falcons, 22-10.*

Jaguars at Bears : Last season Jacksonville scored a league-high 300 points on 63 trips past their opponents' 20 yard-line. That offense could be even better this year. The Jaguars have more depth and the defense is Super Bowl caliber. Chicago meanwhile looks bad, but it has won 12 of the past 14 openers. *Jaguars, 27-0.*

Saints at Rams This is the battle of the old coaches. Dick Vermeil, the St. Louis coach, though, is 7-0 lifetime against Mike Ditka. Ditka's players play hard for him but that won't be enough. Vermeil's quarterback, Tony Banks, has started to work hard, wide receiver Isaac Bruce is back from a knee injury and tackle Orlando Pace is slimmer and meaner. *Rams, 14-6.*

Steelers at Ravens Pittsburgh has won the last four division titles, but Baltimore has enough offensive and defensive firepower to keep up. Rod Woodson, a Ravens cornerback formerly with Pittsburgh, wants to prove that the Steelers made a mistake in releasing him, which is good for at least one interception. *Ravens, 28-21.*

Seahawks at Eagles Because of poor drafting and little spending on free agents, Philadelphia finds itself in a talent drought. Seattle, meanwhile, is swimming in good players, especially offensively. *Seahawks, 21-0.*

Buccaneers at Vikings Tampa Bay has a great coach, a great running game and a solid defense, all the ingredients to make another strong playoff run.

But can they make a super run with average quarterback Trent Dilfer at the helm? The answer is no and it is the same reason why the Bucs will lose to Minnesota. *Vikings, 35-20.*

Oilers at Bengals With the steady Neil O'Donnell at the helm and a solid running game behind him in Corey Dillon, Cincinnati will do some damage offensively. But these are two closely matched teams. Wide receiver Yancy Thigpen gives Tennessee deep help and he'll be the difference. *Oilers, 17-14.*

Redskins at Giants Last season the New York Giants were the first NFC East team to go undefeated in the division with a 7-0-1 record. The Giants' defense is still one of the best in the league. The Redskins have a solid running game and good receivers but with Gus Frerotte at quarterback the Redskins can only go so far. *Giants, 20-13.*

Cardinals at Cowboys The common thought is that the Cowboys have taken a step back and the Cardinals two forward. True, Arizona's quarterback, Jake Plummer, is hot, finishing preseason with a 105.1 passer rating, but the Cowboys, winless in preseason, will try to make one last run. They'll kick off the season with a big victory over a club they always seem to dominate. *Cowboys, 17-0.*

Bills at Chargers The chest thumping you've heard for the last month is the Chargers' quarterback, Ryan Leaf, after he's zipped a touchdown pass or thrown for a first down. He has been brilliant in preseason and at times so cocky he looks like a five-year veteran. The Bills spent a first round pick in prying Rob Johnson away from the Jaguars and he looks as if he's worth it. The Chargers get the edge because they're at home. *Chargers, 21-14.*

Dolphins at Colts Quarterback Peyton Manning, at 22 years, 5 months and 13 days, is the seventh youngest starting quarterback in NFL history. Guess who was the sixth youngest, at 22 years and 4 months? His father, Archie.

Thus Peyton continues in his father's footsteps and like his father's early years in New Orleans, Peyton's will be rough. His offensive line isn't good and he opens against a hungry Miami team. *Dolphins, 30-10.*

Jets at 49ers For this game Bill Parcells, the New York Jets coach, is basically playing with house money. If he wins, he is seen as a genius for going to the 49ers' home turf and beating them. If he loses, no one expected him to win, anyway. This might be a game he can steal. As great an athlete as wide receiver Jerry Rice is, he is still coming off a devastating knee injury. He won't be 100 percent and the 49ers without Rice just aren't the same team. *Jets, 21-20.*

Raiders at Chiefs Oakland seems to be back on track with a young rookie head coach, Jon Gruden. Its practices have been sharper and the defense, much maligned in recent years, is stronger with the addition of cornerback Charles Woodson. Kansas City is dominant in the regular season and since it hates the Raiders, this will be a spirited game. *Chiefs, 31-21.*

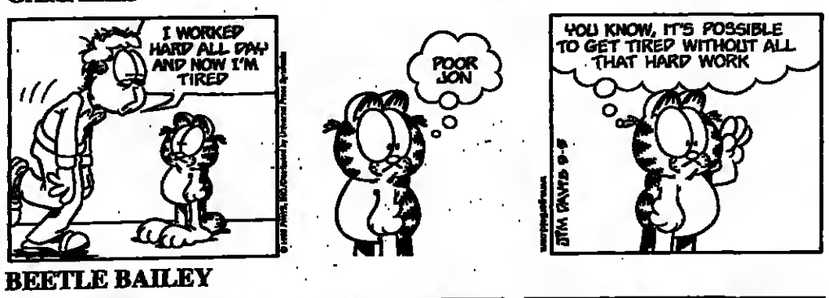
Patriots at Broncos In spite of gloomy predictions, New England still has quarterback Drew Bledsoe and he makes the team go. The Patriots will find some way to run the ball and their defense is better than it has been in years. Look for New England's tight end, Ben Coates, to have a big game on Monday night and the Super Bowl champions to get an early season shock at home. *Patriots, 17-14.*

DENNIS THE MENACE

PEANUTS

CALVIN AND HOBBES

GARFIELD



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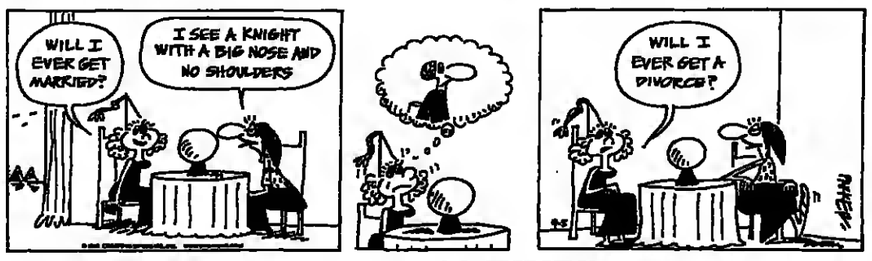

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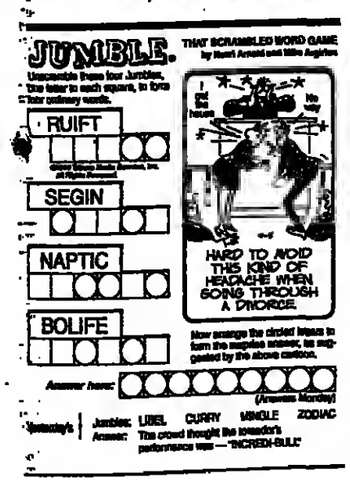

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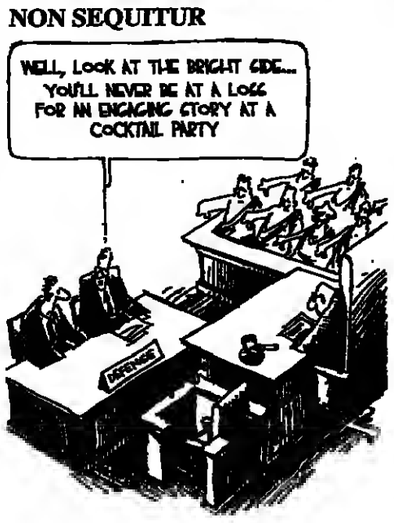

DOONESBURY

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DAVE BARRY

Got Any Funny Money?

MIAMI — I received a press release from the U.S. Treasury Department. Naturally, my first move was to verify, via chemical analysis, that it was genuine. There has been a sharp increase in the number of counterfeit Treasury Department press releases, as an embarrassed CNN found out last month when it reported, incorrectly, that Federal Reserve Board Chairman Alan Greenspan does all the voices on the popular cartoon show "South Park." (In fact, he does only Kenny and Mr. Hankey.)

But this particular press release turned out to be authentic; it announced that, this fall, we'll be seeing a new, redesigned $20 bill. This is part of an anti-counterfeiting program to redesign all of our old currency, which has become too easy to duplicate with modern color photocopiers — a fact that was made all too clear when the Xerox Corp., in its 1997 annual report, reported profits of "$850 trillion, mostly in 50s." Why does counterfeit money represent a threat to the nation? And how can we, as consumers, be sure that we have spelled "counterfeit" correctly? To answer these questions, we need to understand exactly what money is, and what makes it valuable.

Xerox Corp. reported profits of '$850 trillion, mostly in 50s.'

Back in ancient times, when people were much stupider than they are today, there was no such thing as money. People transacted business by trading actual, physical things. For example, if you sold a cow, the buyer would pay for it by giving you, say, 14 physical ducks. Even in those days, that was a lot of ducks to be carrying around, and the bank wouldn't let you deposit them, because they fought with the chickens. Also the automatic teller machines were disgusting.

Finally, the ancient Egyptians got sick of this and invented the first unit of paper currency, called the "simoleon." The way the Egyptians explained the concept to their trading partners was: "For your convenience, we're going to start paying you with these pieces of paper, which are valuable because they have a picture of Ulysses Grant." The trading partners were not crazy about this concept but they went along with it, because the Egyptians had also invented spears.

The basic principle remains the same: We trust money because our government stands behind it. A counterfeit $20 bill is a worthless piece of paper backed by nothing; whereas a real $20 bill, issued by the Treasury Department, has value, because any time you want, you can take it to Fort Knox, site of the federal gold bullion depository, and exchange it, no questions asked, for a duck. Try it! If they give you trouble, mention my name, Art Buchwald.

In the shrubbery, is a tiny crouching engraving of Kenneth Starr.

But the point is that, starting this fall, you're going to start seeing a drastically redesigned $20 bill. Among the major changes are:

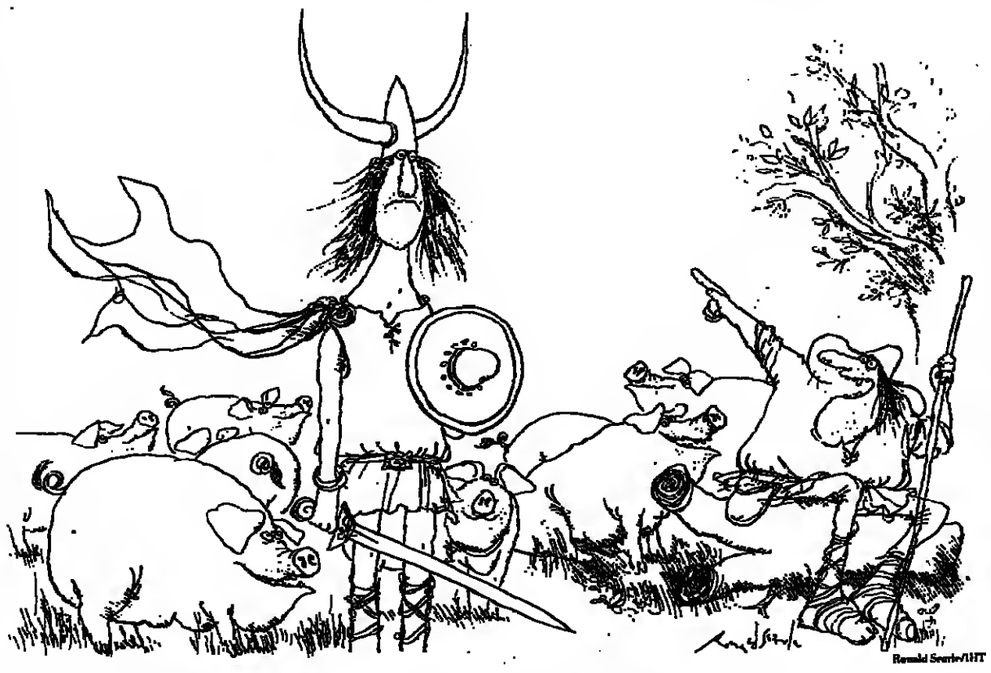
- To thwart photocopiers, instead of saying "Twenty Dollars," the new $20 bills say "Fifteen Dollars."
- The Nike swoosh has been enlarged.
- The engraved portrait of Andrew Jackson has been given a new, up-to-date hairstyle, patterned, according to the Treasury Department press release, "after Barry Manilow." President Jackson also has been given a vivacious new facial expression that seems to say: "I am looking good, and I am READY TO PARTY with the engraved portraits on other currency denominations!"
- On the back of the bill, in the engraving of the White House, on the far right-hand side, in the engraved shrubbery, is a tiny crouching engraving of Kenneth Starr.
- For verification purposes, the new bill is impregnated with plutonium particles that emit a distinctive pattern of atomic radiation. "This poses absolutely no health danger whatsoever to humans," notes the Treasury Department press release, which adds: "Do not ever put the bill in your pocket."

These improvements, plus the top-secret "auto-detonate" feature that I am not allowed to mention, will make the new $20 bill — which is costing the government $348.50 per unit to manufacture — the most advanced anti-counterfeit currency in the world. But the whole effort will be wasted unless you, the consumer, do your part by keeping a sharp eye out for "funny money." The Treasury Department is asking that you regularly inspect all of your bills, of all denominations.

If you notice anything suspicious — according to the press release, this especially means "foreign words, men in wigs, strings of numbers, a greenish coloring or some kind of weird eyeball floating over a pyramid" — you should immediately put the suspect bills into an envelope and mail them to: Treasury Department Anti-Counterfeit Task Force, c/o Dave Barry, The Miami Herald, Miami, Fla. 33132. Please help. Only by joining together to fight this thing can we, as a nation, buy me a giant mansion with servants and ducks. Thank you.

Sun, Slides and Lies: the Voyager's Secrets

By Mary Blume
International Herald Tribune



Ronald Searle/IHT

PARIS—Everyone is back from vacation, fresh and breezy after having found the best beach, the bluest sky, the finest romance.

We all lie about our vacations, of course, but according to a hefty new book, deception is implicit in the notion of travel (sometimes it is self-deception of the I-am-a-traveler-you-are-a-tourist kind).

Travel is related to the idea of escape and without a secret there is no escape, says Jean-Didier Urbain in "Secrets de Voyage" (published by Payot).

Urbain's previous books include "L'Idiot du voyage" and "Sur La plage," as well as a semiotic study of the tourist and the traveler. His book includes quotations from Barthes to Tintin and has more footnotes than there are ants at a picnic; the "voyage," he says, is an anthropological structure of the imaginary.

There are those who tell you nothing about their trips, he says, and those who tell you everything (most of us, gearing ourselves for returning vacationers' tales, are unhappily more familiar with the latter).

In a sense, all of today's trips are conducted in a secrecy of sorts, which is the indifference of everyone else, whether they be the natives we descend on or the friends we bore with holiday slides.

The idea of the voyage is capacious and includes those whose trips have an end different from their aim. Urbain cites Christopher Columbus, who discovered the wrong New World, or the Vikings who in 856 went to Italy to sack Rome.

They confused Rome with a small village, Luna, which they duly pillaged, taking a stable for the Colosseum, a tiny square for the Forum and a pile of manure for the Tarpian Rock. Voyagers, nonetheless.

Then there are what Urbain calls the immobile voyagers, most famously Xavier de Maistre, who wrote his "Voyage autour de ma chambre" in 1795 ("after my armchair, by heading north one discovers my bed"), and going right up to today with Jean-Dominique Bauby in "The Diving-Bell and the Butterfly," paralyzed but off on an imaginary trip to Hong Kong. More complex was William Beckford, who transported himself to another country while already on a trip.

In Belgium in 1780, appalled by the harsh Flemish language and the flat landscape, he shut his eyes and imagined himself among the sunny escarpments of Greece, where shepherds fill the air with song.

And then there are the outright liars, false explorers such as Louis de Rougement (real name Green) who from Sydney recounted his adventures among pearl fishers and cannibals, and Karl May who became a famous expert on the Far West while living in Dresden and wearing cowboy clothes. There is something of them in all of us, Urbain says.

There are voyagers whose first aim is the trip's legitimacy — soldiers, merchants, crusaders, physicians, prospectors, diplomats, pioneers, pilgrims, and industrial spies going back to Robert Fortune who, in 1848, disguised himself as a Chinaman to steal the secrets of growing and making tea.

There are the forced voyages of deportation or extradition. There is sex tourism and, equally repellent, a travel agency Urbain found called Kremafour, which specializes in tours of crematoria.

"Tell me what you are hiding about your voyage and I will tell you what its point was," Urbain says.

Even professional travelers conceal by exaggeration.

Pierre Loti, the French exotic, described kneeling until dawn by the Mount of Olives in the hope of finding faith. "Until dawn!" his dragoman later exclaimed. "He started shivering at once and said I have no overcoat, let us leave."

Maryse Choisy, in Greece in 1929, said she could not bear to be considered a mere tourist and went to exceptional lengths not to be. In order to stay at Mount Athos, where women are banned, she cut off not only her hair but her breasts and wore a prosthetic penis as well as a Chaplin mustache and a pair of Harold Lloyd specs.

Urbain doubts the authenticity of her story, but Choisy's aim was a standard one: "I wanted to get out of myself, be another. No matter who, no matter what. But no longer myself, what a pleasure. To be in another skin."

Voyages real, virtual or imaginary provide an escape from oneself and from the familiar. Even changing a language can help:

"The use of a foreign language during a trip," wrote Paul Morand, "allows one not to communicate with one's compatriots."

DISGUISE helps, whether at the simplest level of carrying a local newspaper to look like a native or the outfit worn by Thomas Manning, who became the first Englishman to reach Lhasa in the early 18th century despite an imperfect disguise of a native Vietnamese costume and a pair of ice skates for use in the Himalayas.

Today, one can travel through films into space or back to the dinosaur age. The future may be in couch potato travel free from peeling sunburns, school fees, taxes and all the other sorrowful complements of vacation's end.

Free, too, from the burden of self-inquiry (Montaigne: "I know what I am fleeing but not what I seek") and from the exercise of inventing the lie that Urbain considers basic to every trip.

Is there a trip that does not have a secret or a single traveler who has not lied? he asks. Probably not, beginning with the first holiday postcard saying "Wish you were here."

PEOPLE

THE dissident **Wei Jingsheng** spent almost two decades behind bars because of his demands for democracy in China, but it is the last year of his life that most concerns him now, and he is afraid he has lost it all — in a briefcase he left by mistake on a bus-stop bench. Wei's case held a year's worth of research, along with his passport, car registration and some checks. He says he'll give $200 to whoever returns it. "It was a whole lot of notes, all written in Chinese, in a small black vinyl briefcase," said **Abbi Kaplan**, Wei's interpreter. After being released from prison on medical grounds last November, Wei, 48, has been working at Columbia University in New York, and also doing research at the University of California at Berkeley on a fellowship that ends in December.

□

Paul McCartney will fulfill one of his late wife's longtime dreams — releasing her own record. **Linda McCartney** had been working on a record for 20 years and finished it shortly before her death on April 17 from breast cancer. The album is called "Wide Prairie" and is scheduled for release by early November. It contains 16 songs, 13 of them written by Mrs. McCartney. She also sings and plays a variety of instruments. Also featured is McCartney's son, **James**, 21, playing guitar.

□

Anita Hill, whose allegations of sexual harassment almost undid the Supreme Court nomination of **Clarence Thomas**, has joined the faculty at Brandeis University in Waltham, Massachusetts. Hill will teach two courses in the fall for the school's Women's Studies department. Hill gained national attention in 1991 when she accused Thomas — her former boss at the Equal Employment Opportunity Commission — of sexually harassing her. In recent months, Hill has been promoting her newest book, "Speaking Truth to Power," an autobiographical account of the stormy 1991 Senate confirmation hearings.

□

In a $50 million lawsuit against Globe Communications Corp., **Arnold Schwarzenegger** contends that a story in the tabloid libeled him by reporting that he was in ill health and feared having a heart attack. The story headlined "Arnie's Heart Crisis" defamed Schwarzenegger by implying his health was poor after heart surgery last year, the "Terminator" star contends. Schwarzenegger underwent surgery in April 1997 to replace a faulty aortic valve.

□

The reclusive British pop star **George Michael** has canceled a world tour planned for next year because he is still trying to cope with a string of recent tranmas, the Sun tabloid newspaper said Friday. The paper quoted a friend as saying: "George doesn't want to let his fans down, but he just can't cope with touring at the moment." Earlier this year Michael, 35, apologized on television after being arrested in a Los Angeles toilet and charged with lewd behavior.

Chris Pizzello/The Associated Press

STAR-STRUCK — Jamie Lee Curtis taking bows on the Walk of Fame in Hollywood, cheered by her daughter Annie, center, and her mother, Janet Leigh.